

Sustaining the resources
entrusted to our care.

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2020 and 2019



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission





San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

The San Francisco Public Utilities Commission

**An Enterprise Department of the City and County of
San Francisco, California**

**Comprehensive Annual Financial Report
For the Fiscal Years Ended
June 30, 2020 and 2019**

Prepared by SFPUC Financial Services

A handwritten signature in blue ink, appearing to read 'Eric Sandler', written over a horizontal line.

Eric Sandler
Assistant General Manager, Business Services
& Chief Financial Officer



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SFPUC is now a part of the Nasdaq Sustainable Bond Network. Our commitment to building a more sustainable future goes hand-in-hand with our efforts for a more equitable future that is positive for the environment and the communities we serve in.





The San Francisco Public Utilities Commission

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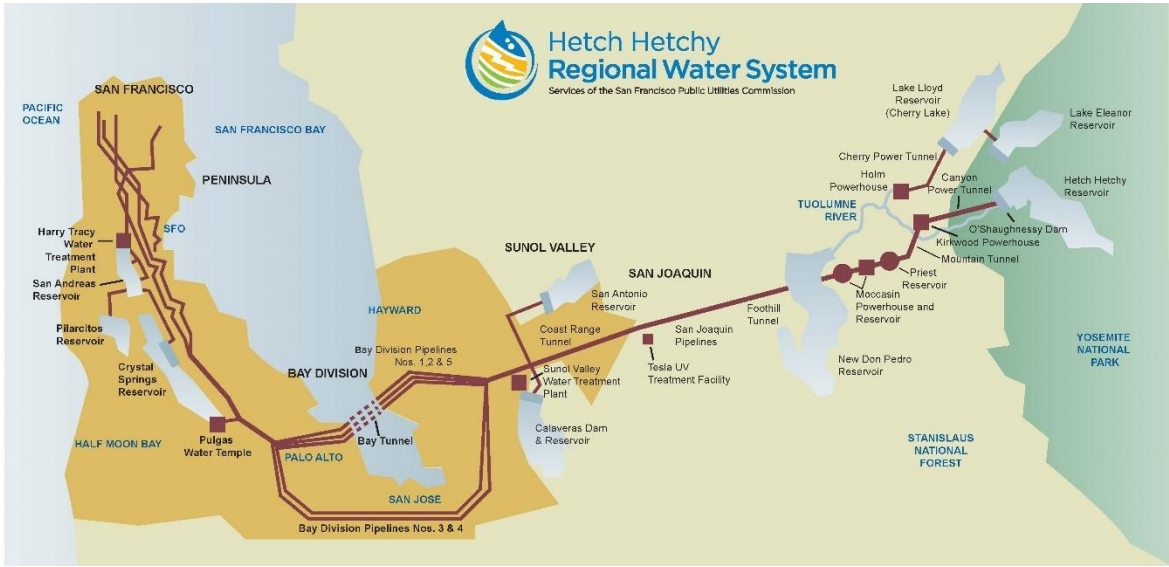
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Hetch Hetchy Regional Water System Map



San Francisco
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The San Francisco Public Utilities Commission
A Department of the City and County of San Francisco, California



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City and County of San Francisco
Public Utilities Commission, California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

SAN FRANCISCO PUBLIC UTILITIES COMMISSION GENERAL MANAGER'S TRANSMITTAL LETTER

February 26, 2021

Dear Customers and Stakeholders,

At the San Francisco Public Utilities Commission (SFPUC), our mission is to provide our customers with high-quality, reliable water, power, and wastewater services 24/7. As stewards of our natural and financial resources, we invest ratepayer dollars in ongoing critical maintenance and capital improvements to our water and sewer systems. Decades of proactive planning, continuous maintenance, and infrastructure upgrades ensure we can deliver dependable water services to 2.7 million people in the Bay Area, and wastewater and power services to San Francisco around the clock.

Through the Water System Improvement Program (WSIP), we continue to seismically strengthen crucial pipelines and facilities. The San Francisco Groundwater Supply Project was substantially completed and construction continues on the Regional Groundwater Storage and Recovery Project to diversify and strengthen our local and regional water supplies. These upgrades will ensure vital water service to the communities we serve in the event of a major earthquake or drought. We continue to maintain and upgrade our water system through our ongoing Water Capital Improvement Program (CIP), Hetchy Capital Improvements, and the WSIP, now 99% complete. We replaced over 12 miles of aging pipelines in San Francisco; repaired highly vulnerable sections of the 54-inch diameter San Andreas Pipeline No. 2 on the Peninsula; and completed significant repairs to the Moccasin Dam damaged during major storms in 2018.

A dependable water system also requires an equally reliable wastewater system. The Sewer System Improvement Program (SSIP) will ensure a reliable, sustainable, and seismically safe sewer system now and for future generations. With 60% of the 1,000 miles of sewer pipelines that run under our feet over 50 years old, and our largest treatment facility over 65 years old, routine repairs are no longer enough. With over 32 projects completed and 17 in construction, the SSIP is well underway. These upgrades to our treatment plant projects, pump stations, and force main improvements, as well as flood resilience and stormwater management projects to help us continue protecting public health and the environment.

The Hetch Hetchy Power System (HHPS) continues to generate 100% greenhouse gas-free hydroelectric energy to power City services and residential customers in the San Francisco Bay Area for more than a century. Through expansion of CleanPowerSF, San Francisco's Community Choice Aggregation (CCA) program, we continue to educate residents and businesses on cleaner, more renewable energy sources to help San Francisco meet its aggressive climate action goals.

In fiscal year 2020 and through the COVID-19 pandemic impact, fiscal stewardship remained as one of our highest priorities. We maintained a stable financial condition, while responding to the pandemic, supporting the City and County of San Francisco, our employees and our ratepayers.

On behalf of the San Francisco Public Utilities Commission, I am pleased to present the SFPUC Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

London N. Breed
Mayor

Sophie Maxwell
President

Anson Moran
Vice President

Tim Paulson
Commissioner

Ed Harrington
Commissioner

Newsha Ajami
Commissioner

Michael Carlin
Acting
General Manager



The Reporting Entity - Profile of the San Francisco Public Utilities Commission

The **San Francisco Public Utilities Commission (SFPUC)**, a department of the City and County of San Francisco (the City), is responsible for the operation, maintenance, and development of three utility enterprises: Water, Wastewater, and Hetch Hetchy Water and Power and CleanPowerSF. We provide wholesale and retail drinking water to the San Francisco Bay Area, wastewater collection and treatment within San Francisco and three neighboring municipalities, and power to residential and commercial customers and municipal facilities.

Enterprises	Funds
Water	Water
Wastewater	Wastewater
Hetch Hetchy	Hetchy Water
	Hetchy Power
	CleanPowerSF

Our Business Services, External Affairs, and Infrastructure bureaus provide support and administrative services and are funded through utility rates and charges.

The **Water Enterprise** operates the Hetch Hetchy Regional Water System (System), a wholesale and retail drinking water supply system that serves 2.7 million customers in Alameda, Santa Clara, San Mateo, and San Francisco counties. The upcountry portion of the System begins with Hetch Hetchy Reservoir in Yosemite National Park. Impounded by O’Shaughnessy Dam, Hetch Hetchy Reservoir water passes through hydroelectric powerhouses before it enters the San Joaquin Pipelines, the Tesla Ultraviolet Treatment Facility, and the Coast Range Tunnel on its journey to the Bay Area.

The Bay Area portion of the System includes water collection, treatment, and transmission facilities from the Alameda East Portal to the wholesale service area and terminal reservoirs in San Francisco. Water storage facilities include watersheds, dams, and reservoirs such as our Calaveras, San Antonio, Crystal Springs, Pilarcitos, and San Andreas. The water treatment facilities are Tesla Ultraviolet Treatment Facility, disinfecting the Hetch Hetchy supply; Sunol Valley Water Treatment Plant, treating the water from the Calaveras and San Antonio supply as well as the stored Hetch Hetchy supply; and Harry Tracy Water Treatment Plant, treating the water from the Crystal Springs and San Andreas supply. The water transmission system in the Bay Area and Peninsula includes the Bay Division, San Andreas, Sunset Supply, and Crystal Springs pipelines. The Bay Area transmission system also includes Irvington Tunnel 1 and Tunnel 2, the Bay Tunnel, and the Crystal Springs Bypass Tunnel.

The Water Enterprise also manages water distribution in the City. This system encompasses more than 1,250 miles of distribution pipelines, as well as 12 in-City reservoirs and eight water tanks with a total storage capacity of approximately 413 million gallons. Since June 2011, the Water Enterprise has operated the City’s Emergency Firefighting Water System (EFWS), formerly known as the Auxiliary Water Supply System (AWSS), an independent, high-pressure water supply system for fire suppression.

The majority of the drinking water is supplied by our system, originates as snowmelt within the 459-square-mile Hetch Hetchy Watershed on the upper Tuolumne River within Yosemite National Park. This high-quality water is transported 167 miles across California solely by gravity. The Hetch Hetchy water supply is augmented with precipitation collected in the reservoirs of the Alameda Creek Watershed in Alameda County, and the Peninsula Watershed in San Mateo County. The Regional Groundwater Storage and Recovery Project, currently under construction, will provide additional dry year water supply to the System for drought management.

Phase 2 wells in Golden Gate Park of the San Francisco Groundwater Supply Project, were substantially completed in July 2020, replacing aging wells used for irrigating the park. The San Francisco Westside Recycled Water Project, currently under construction, will provide treated recycled water for irrigation and reduce reliance on groundwater, allowing the latter to be added to the water supply.

Water Enterprise revenue is based on retail and wholesale water rate payments from customers. Retail rates are set by the SFPUC, while wholesale rates are set by the Commission pursuant to our Water Supply Agreement with our wholesale customers.

The Wastewater Enterprise is responsible for the operation and maintenance of San Francisco's combined sewer system that collects, treats, and discharges once treated, sanitary sewage (toilet flushing, bathroom & kitchen sinks, showers) and stormwater runoff (rainwater falling on our roofs, sidewalks and streets within San Francisco, parts of Daly City, the Bayshore Sanitary District, Brisbane, Treasure Island, and Yerba Buena Island. This work is crucial for the protection of public health, and for the environmental safety of the San Francisco Bay and Pacific Ocean. Our combined sewer system is unique to coastal California and offers significant environmental benefits because it captures and treats both stormwater (rain runoff) and sanitary sewage from homes and businesses, and these combined flows are referred to as wastewater.

San Francisco wastewater and stormwater flows are treated at three facilities: the Southeast Treatment Plant, the Oceanside Treatment Plant, and the North Point Wet Weather Facility, the last of which is operated only in wet weather. The sewer system currently can handle up to an average of 70 million gallons per day (MGD) in dry weather and can treat up to 575 MGD in wet weather. The Wastewater Enterprise operates 27 pump stations, 36 discharge points, and massive underground transport/storage structures around the City that have storage capacity up to 200 million gallons. We operate, clean, inspect, and maintain more than 1,000 miles of sewer pipes. We regularly monitor areas of the San Francisco shoreline for water quality where water recreation is common and provide water quality reports to the public using our 24-hour hotline, website and e-newsletters.

The Wastewater Enterprise serves both residential and commercial accounts as well as some municipal customers. Our sewer facilities and resource recovery programs have received recognition from agencies at the state and national level, including the U.S. Environmental Protection Agency, National Association of Clean Water Agencies, and the California Water Environment Association.

In a combined sewer system, such as San Francisco's, managing stormwater is an important priority for the SFPUC and the City. We take a comprehensive approach to managing stormwater and advancing flood resilience across the City. Although no sewer system can handle the heaviest rains, we are pursuing a variety of approaches to improve the City's flood resilience in the face of increasingly intense rainstorms. The comprehensive RainReadySF Program, which is a combination of planned infrastructure improvements, coordinated City services and innovative programs, provides residents and businesses with the resources they need to reduce the risk of flooding during a major rainstorm.

As part of the RainReadySF Program, Adopt A Drain SF enables San Francisco residents to "adopt" one of the City's 25,000 storm drains, keeping it free of debris. While helping to reduce localized flooding, the program also fosters community engagement by encouraging San Franciscans to take an active role in improving their neighborhood. To date, more than 2,200 community members have adopted over 3,300 drains throughout the City. Building upon the success of the program, the Rain Guardians program launched in 2019, enables San Francisco residents to become "guardians" of our new rain gardens. To date, 48 out of 69 rain gardens have been adopted by over 35 community members.

Every year, 10 billion gallons of rainwater flows into the City's combined sewer system. Capturing stormwater is critical to the health of our city, as pollutants can also wash into the bay or the ocean. Green infrastructure is a stormwater management tool that takes advantage of the natural processes of soils and plants to slow the flow, and clean stormwater, as prevention of overwhelming the City's combined sewer system. We are celebrating a couple of "green infrastructure" anniversaries this year.

In February 2020, we celebrated the one-year anniversary of the SFPUC's first large-scale Green Infrastructure Grant Program, designed to encourage large property owners in San Francisco to design, build, and maintain green stormwater infrastructure projects that manage stormwater and improve the City's collection system performance during wet weather. Grants cover the costs of design and construction of approved stormwater management features, such as rain gardens, permeable pavement, cisterns, and vegetated roofs. The Grant Program has garnered strong interest from local public and private schools, parks, and religious institutions who see an opportunity to improve sustainability of their property, while providing additional greening and educational opportunities for the

people that use them. Since the program's launch, the SFPUC has awarded grants to five projects (Lafayette Elementary School, Bessie Carmichael Middle School, St. Thomas More School, Lycée Français De San Francisco Ortega Campus, and Holy Trinity Greek Orthodox Church), totaling \$4 million in funding. Together, these projects are projected to manage over 3.1 million gallons of stormwater per year.

SFPUC's Stormwater Management Ordinance turned 10 years old this year. Since its inception, the Ordinance has made a huge impact on managing stormwater in San Francisco and contributed significantly to the city's sustainability goals:

- Over 300 projects have been completed to comply with the Ordinance and are actively managing stormwater on their properties.
- Collectively these projects manage over 180 million gallons of stormwater annually – enough to fill up over 12,000 swimming pools each year.
- The total area of these projects is 347 acres, which equals the road area of 7 Bay Bridges and 7 Golden Gate Bridges added altogether.

The SFPUC's priority is to ensure critical water and sewer infrastructure is working properly to protect public health and the environment. The SFPUC encourages homeowners to protect and maintain their water and sewer service laterals that connect their home to the SFPUC's systems. To support San Francisco homeowners, in late 2019, after conducting a competitive process, the SFPUC selected American Water Resources Insurance Services as the highest-ranking proposer, to offer a voluntary Water Line and Sewer Line Protection Program. As of July 2020, the program has 2,273 enrolled customers.

Additionally, the Wastewater Enterprise is providing university researchers in the Bay Area with wastewater samples for analysis of COVID-19 gene copies. This is distinct from analysis for viable COVID-19, as the research community has yet to find evidence of survival of COVID-19 virus in wastewater systems. Essentially, the virus dies, but RNA, a nucleic acid present in all living cells, remnants (the gene copies) remain in the wastewater samples. The Wastewater Enterprise continues to provide samples for analysis to our research partners.

The Hetch Hetchy Water and Power and CleanPowerSF Enterprise (Hetch Hetchy) comprises of three key components: (1) Hetch Hetchy water (Hetchy Water), which operates and maintains the upcountry water and power facilities; (2) Hetch Hetchy Power (Hetchy Power), responsible for all power utility wholesale and retail transactions and in-City power operations; and (3) CleanPowerSF, a Community Choice Aggregation (CCA) that provides San Francisco residents and businesses with electricity supply services sourced from new and existing clean energy sources.

Hetchy Water is responsible for operating the Hetch Hetchy Reservoir, the main source of water for the Hetch Hetchy Regional Water System (System) and plays a key role in water delivery in California. Several of the Hetch Hetchy Water facilities are joint assets and are used for both water transmission and power generation and transmission. Operating and capital costs of these facilities are allocated 45% to Hetchy Water and 55% to Hetchy Power. Refer to Water Enterprise for more information on the System.

Hetchy Power is the publicly owned utility for San Francisco. The Hetchy Power System is comprised of transmission lines and some local distribution facilities. It has a generation portfolio that includes three major hydroelectric powerhouses – Holm, Kirkwood and Moccasin – in the Sierra Nevada mountain range and 23 solar arrays in San Francisco. Hetchy Power revenue is based on retail and wholesale power-rate payments and charges collected from customers. Retail rates are set by the Commission.

Hetchy Power customers include San Francisco International Airport (SFO), libraries, police stations, City Hall, San Francisco Municipal Transportation Agency (SFMTA), San Francisco Port Authority, Treasure Island, Hunter's Point Shipyard and the Transbay Transit Center. Hetchy Power also owns, operates and

maintains approximately 60% of the streetlights in the City. Finally, Hetchy Power provides electrical maintenance services, energy efficiency programs, and distributed generation services to our customers.

CleanPowerSF, San Francisco's CCA program, provides clean electricity supply to residents and businesses in San Francisco. Under this program, CleanPowerSF supplies customers with electricity from renewable sources like solar wind, and hydro power. Pacific Gas and Electric Company (PG&E), delivers the energy via their electrical grid. CleanPowerSF's Green product features at least 50% California Renewable Portfolio Standard (RPS) certified renewable energy, and its SuperGreen product offers 100% California RPS-certified renewable energy.

CleanPowerSF serves approximately 380,000 customer accounts in San Francisco. Collectively, Hetch Hetchy Power and CleanPowerSF meet more than 70% of the electricity demand in San Francisco with clean power.

Long-Term Strategic Goals, Major Accomplishments and Initiatives

Our mission is to provide our customers with high-quality, efficient, and reliable water, power, and wastewater services in a manner that supports both environmental and community interests, and that sustains the resources entrusted to our care. Our budget is aligned with these long-term strategic goals and objectives as detailed in the SFPUC's 2020 Strategic Plan:

- **Reliable Service and Assets:** We provide reliable service and value to our customers by optimizing the operation, maintenance, replacement, and improvement of all assets in the most cost-effective manner.
- **Organizational Excellence:** We are a high-performing organization focused on efficiency, effectiveness, and accountability across the organization.
- **Effective Workforce:** We attract, retain, and develop an effective workforce, reflective and supportive of our communities, that consistently delivers high-quality services to stakeholders.
- **Financial Sustainability:** We assure financial integrity and sustainability, meeting today's operating and capital investment needs while managing risk and long-term affordability for the future.
- **Stakeholder and Community Interest:** We foster trust and engagement with our customers, employees, and the communities we serve through open and timely communication and education.
- **Environmental Stewardship:** We sustainably manage the resources entrusted to our care to ensure environmental and community health.

Some of our achievements for this fiscal year are summarized below.

Water System Improvement Program (WSIP)

Through our WSIP, one of the largest infrastructure programs in the nation, we and our wholesale customers have invested \$4.8 billion into strengthening the San Francisco and Regional Water Systems. The 87 projects of the WSIP enhance our ability to provide high-quality, reliable drinking water to our customers, even after a major earthquake and during an extended drought period. This year the WSIP advanced to 99% complete. Accomplishments include:

- With the final completion of the Lake Merced Pump Station Project, the San Francisco Portion of the WSIP complete. The 35 projects in the San Francisco portion of the WSIP totaled \$440 million and provide system redundancy and seismic reliability throughout all neighborhoods of San Francisco.
- Alameda Creek Recapture Project will provide additional water supply from Calaveras Reservoir. The project's Final Environmental Impact Report was certified this year, and the project

advertised for construction bids in December 2020 with the expected start of construction in Spring 2021.

- The Regional Groundwater Storage and Recovery Project continued startup testing of the twelve Phase 1 production well stations and continued final design of the Phase 2 project to complete the thirteenth station as well as provide other system improvements for construction in 2021. As of June 2020, SFPUC had accumulated approximately 24,500 acre-feet of in-lieu storage since the current Regional Groundwater Storage & Recovery (RGSR) storage phase began May 2016.
- Construction crews enacted new strict health-related protocols to protect our staff and the public during the pandemic. Work on our important system upgrades have continued during the pandemic.

Regional Water Capital Improvement Program

Capital improvements to the Regional Water System provide needed improvements beyond the WSIP to continue to meet our Level of Service Goals and maintain reliable delivery of high-quality water to our customers. Projects include major improvements to facilities within the following categories: Water Treatment; Water Transmission; Water Supply and Storage; Watershed and Lands Management; and Buildings and Grounds. Accomplishments include:

- Sunol Long Term Improvements: During the year, construction of the Sunol Yard and Shops reached substantial completion. The final completion was slightly delayed due to implementation of the COVID-19 safety provisions. The beginning of construction for the Alameda Creek Watershed Center was also slightly delayed due to COVID-19, but is currently underway,
- San Andreas Pipeline No. 2 Lockbar Replacement: Significant construction progress was made since the project started in May 2019 to replace about 6,500 feet of 54-inch diameter steel pipe that is over 90 years old and deteriorated. Construction will continue through the end of 2020.
- Sunol Valley Water Treatment Plant Powdered Activated Carbon Feed: Construction was completed in May 2019 and the project closed out in December 2019 for this facility to feed powdered activated carbon within the treatment plant to control algae-related taste and odor. The system has been successfully operated since its installation.

Pipe Repair and Replacement in San Francisco

With over 2,000 miles of water and sewer mains in San Francisco, the work of preventative maintenance is a continuing challenge. For fiscal year 2020, the Wastewater Enterprise assessed condition of over 190 miles and awarded contracts for replacement of 15.2 miles of sewer mains and the Water Enterprise replaced 12.6 miles of water pipes.

Local Water Program

Our Local Water Program focuses on diversifying San Francisco's water supply while ensuring we optimize efficient use of our water resources. With tools including conservation, groundwater, recycled water and our non-potable program, the Local Water Program ensures that San Francisco will be resilient in the face of risks to our water supplies such as drought, climate change, earthquakes, new regulations, and growing demand.

Local Water Programs accomplishments include:

- The San Francisco Groundwater Supply Project reached construction substantial completion of the final two well stations on July 24, 2020. All six well stations will be owned and operated by the SFPUC's City Distribution Division (CDD). The three wells in Golden Gate Park will be used solely for park irrigation until completion of the Westside Recycled Water Project.
- For the Westside Recycled Water Project, the recycled water pipeline construction is complete. The treatment facility, pump station and reservoir are under construction.

- Utilizing our rebates and incentives, our customers replaced 597 toilets and urinals, and 267 clothes washers, with water-efficient models. We distributed over 3,850 water-efficient devices, such as showerheads and aerators.
- We conducted over 2,470 water-wise evaluations, including detailed outdoor audits of acres of irrigated landscape, to help San Franciscans be even more water efficient.
- Leak Alert Program: Automated water meters are in place for most of San Francisco's water accounts to provide SFPUC with hourly water consumption data, enabling us to notify customers about unusual usage. SFPUC notifies single-family customers, small multi-family properties (two to five dwelling units) and irrigation accounts with three days of constant water used by letter, phone, text message, and email. SFPUC sent over 14,300 automated leak alert notifications to account holders in fiscal year 2020. Constant water uses at these sites as ranged from 7.5 gallons per hour to over 50 gallons per hour, which left unchecked for just a few weeks can increase household water use and bills by 50% or more. Leak alerts have helped many customers fix leaks promptly, saving them significant amounts of wasted water and money on their water bills.

Sewer System Improvement Program (SSIP)

The SSIP is a citywide, multi-billion-dollar investment to upgrade and modernize our aging sewer system to ensure we can continue to protect public health and the environment. The budgeted \$7.0 billion SSIP is improving our operational efficiency and reliability, enhancing our seismic resilience, and adapting our system to climate change and sea level rise. These investments in our critical infrastructure today will save money in the long-run and ensure our sewer system continues to operate reliably and efficiently without interruption. SSIP is investing over \$2.9 billion of the across 70 projects while leveraging these investments to support job training. Accomplishments include:

- Southeast Treatment Plant Improvements: U.S. Environmental Protection Agency (EPA) awarded a \$514 million Water Infrastructure Finance and Innovation Act (WIFIA) loan to help finance improvements at the Southeast Treatment Plant. This low-interest rate loan will save millions of dollars over the life of the loan while providing jobs and contracting opportunities to local residents and businesses during a period of economic recovery from the pandemic.
- Southeast Plant New Headworks Facility Project: Demolition and site preparations have been completed and construction of the new Headworks and Odor Control Facilities is underway.
- Southeast Plant Biosolids Digester Facilities Project: The \$699 million WIFIA loan agreement with the EPA was refinanced, reducing the interest rate from 3.09% to 1.45%. Construction is underway and demolition of the existing infrastructure at the project site has been completed.
- Green Infrastructure Projects: Construction was completed on the Baker Beach Green Street. Construction is underway for the Sunset Boulevard Greenway Phase II Project.
- Green Infrastructure Grant Program: This innovative grant program encourages owners of large, impervious parcels to implement green infrastructure projects that manage stormwater and improve the City's collection system performance during wet weather. The grant covers design and construction costs of approved stormwater management features, such as rain gardens, permeable pavement, cisterns, and vegetated roofs. Five projects have been completed or are underway with several more in development.
- Interagency Project Coordination: We strive to "dig once" when planning major system upgrades around San Francisco. Miles of sewer and water mains are being upgraded through joint projects between the SFPUC, SFMTA and San Francisco Public Works, including: Van Ness Improvement Project, Geary Rapid Transit Project, Geary Boulevard Improvement Project, L Taraval Improvement Project, and the upcoming Better Market Street Project.

Hetchy Capital Improvement Projects

Upgrades to the aging facilities of Hetchy Water and Hetchy Power (HHWP) are under way. Upcountry water and power facilities being assessed for rehabilitation projects include three impounding reservoirs, three regulating reservoirs, three large powerhouses, one small powerhouse, one switchyard,

three substations, 170 miles of pipelines and tunnels, almost 100 miles of paved road, over 160 miles of transmission lines, watershed land, and rights-of-way property. Accomplishments include:

- **Mountain Tunnel Project:** The California Environmental Quality Act (CEQA) environmental documents were completed and approved for Mountain Tunnel Improvements Project. The project was advertised in November 2019. The bidding period was extended due to lack of responsive bids and again due to uncertainty of the construction market impacted by the COVID-19 pandemic. Bids were opened on August 27, 2020 and the Commission awarded the contract on October 13, 2020. While contracting is in progress, the anticipated Construction Notice-to-Proceed is anticipated to be issued in January 2021. The 5-year, 11-month construction is forecast to be completed by the end of 2026.
- **Moccasin Dam Emergency Repairs:** Extensive repairs to the Moccasin Dam following damage from the March 2018 severe storm event was completed in April 2020. The approximately \$21 million project removed storm debris, repaired the Upper Diversion Dam and Lower Dam, replaced water lines and drainage systems, and installed debris barriers and a flood control berm.
- **O'Shaughnessy Dam Access and Drainage Improvements:** Construction contract package was finalized for advertisement during the year. The project will improve safe access for working inside the dam including fall protection, new access structures, drainage systems, and leak repair. This work precedes future construction contracts to perform significant improvements to the over 80-year-old dam facilities and outlet works.
- **Moccasin Powerhouse and GSU Rehabilitation:** This project is significant because the entire Hetch Hetchy water supply runs through the Moccasin Powerhouse. The Moccasin Powerhouse generators are over 50 years old and require rehabilitation, and two generator step-up transformers, switchgear, motor control centers and other facilities need replacement. In the past year, the project team made significant progress on pre-qualifying bidders and preparing design-build contract documents for the generator rehabilitation work. In addition, procurement and installation contracts were prepared for replacing the transformers; with construction anticipated for 2022 through 2025.

Energy Efficiency and Renewable Power Resources

Hetchy Power and CleanPowerSF were instrumental this past fiscal year in continuing to help San Francisco reach its goal of 100% greenhouse gas free and renewable electricity by 2030. Both programs earned a Gold Rating for Action on Global Climate Change for measuring and reducing greenhouse gas emissions from The Climate Registry. They also supported customers with new programs and COVID-19 bill relief measures. See specific program highlights below.

- Due to negative impacts of the pandemic on ratepayers' income, CleanPowerSF instituted several new emergency consumer protection. They include:
 - Not returning CleanPowerSF customers to PG&E as a result of late payments. Extensive outreach was conducted, particularly to low-income and Limited English Proficient (LEP) customers, to inform them of consumer protections and encourage enrollment in financial assistance programs such as the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs, where eligible.
 - Hetchy Power enrolled all eligible customers living in affordable housing into Hetch Hetchy Power's Emergency Community Assistance Program (eCAP). These customers saw a 30% discount on their electricity bills, effective March 2020.
- **Green Tariff:** Hetchy Power received approval to launch a Green Tariff product for their customers. The tariff allows customers to receive 100% renewable energy based on eligibility under California's Renewable Portfolio Standard.
- **Solar Installations:** An additional in-City solar installation was completed during this reporting period. There are 23 fully operating systems in San Francisco, with two under construction and two in the permitting stage.

- GoSolarSF: Over 427 solar projects were supported by GoSolarSF incentives totaling \$1 million. Since the program launched in 2008, more than \$29 million has been distributed and 5,664 solar systems constructed.
- Energy Efficiency: Hetchy Power completed ten energy efficiency projects this past fiscal year, which will save 2.5 million kilowatt hours (kWh) of electricity, 20,600 therms of natural gas, and 681 one million British Thermal Units (MMBTU) of steam per year. Notable projects include LED lighting upgrades at the Moscone Convention Center, Golden Gate Park and Asian Art Museum.
- New Renewable Energy Projects: CleanPowerSF executed new contracts, significantly expanding its commitment to date for new wind and solar facilities in California. The new facilities, Maverick Solar 6, Blythe Solar IV, and the Oasis wind project, collectively generate approximately 730,000 megawatt hours (MWh) of renewable energy annually. Along with existing contracts with the San Pablo Raceway solar and Voyager IV wind projects, CleanPowerSF will receive over 1 million MWh per year – about a third of CleanPowerSF’s entire annual energy use from new renewable energy facilities located in California.
- Peak Day Pricing Pilot Program: CleanPowerSF launched a new demand-response program for large commercial customers. To reduce strain on the electrical grid on the hottest days, participants are encouraged to shift their electricity use from peak times (4 – 8 p.m.). For the first season, nearly 8,000 pounds of carbon dioxide were conserved and over \$100,000 in incentives were distributed.
- Budget Billing: CleanPowerSF also launched Budget Billing, which helps customers manage their monthly electricity bills by averaging their bill amounts over the course of the year. Using the customer’s annual energy use history, monthly payment amounts are on an average cost through the year despite energy usage changes. Customers avoid large fluctuations in their bills.

Workforce Planning and Staff Development

Utilities nationwide are facing an aging workforce heading toward retirement. The SFPUC continues to bolster our programs to support hiring in our communities for internships and contracting opportunities. We are improving recruiting and hiring processes, creating clear career pathways, and advancing our culture of high performance to consistently deliver high-quality services.

We are also involved with workforce development planning efforts at the regional level by leveraging collaborative and strategic partnerships with water and wastewater agencies, education institutions, and non-profit organizations.

- Local Hire: For the ninth consecutive year, we exceeded requirements of San Francisco’s Local Hiring Ordinance. For the 305 SFPUC public works projects subject to the Ordinance through the current reporting period, 42% of all hours and 66% of all apprentice hours have been worked by San Francisco residents.
- Project Labor Agreement (PLA):
 - Approximately 8.6 million craft hours were performed by over 15,200 workers on the WSIP PLA. Approximately half (47%) of those hours were performed by local and regional service territory residents and 69% of all apprentice hours by local and regional service territory resident apprentices.
 - The PLA was extended to cover the SSIP, resulting in nearly 834,000 construction craft hours performed by more than 3,000 workers on PLA-covered SSIP projects. In the fiscal year, 33% of all hours and 63% of all entry-level apprentice hours were performed by San Francisco residents.
 - Given the success of the PLA and the SSIP PLA extension, the Commission approved extension to cover all SFPUC capital programs: Water Capital Improvement Program; Hetch Hetchy Capital Improvement Program; and Wastewater Capital Program.
- Youth and Adult Workforce Development: The Project Pull Project paid summer internship program pairs highly motivated, local high school students and incoming college freshman with City staff, introducing them to new job skills and technical careers. For the 2020 summer program, Project Pull was conducted virtually (due to COVID-19 Health Ordinance orders) with

online computer conferencing and remote learning activities. This summer's cohort included 51 high school interns and 5 college team leaders. Over the past 25 summers, Project Pull has provided more than 1,850 students with summer employment.

- **Contractors Assistance Center:** We provide local community contractors and small businesses with the tools and resources needed to compete for City-funded contracts. The Center offers a wide range of services (now virtual due to COVID-19 Health Ordinance order) including: classroom-style workshops, one-on-one consulting for contractors and local businesses, and business development training.

Community Engagement

The SFPUC strives to be a good neighbor in the communities that are impacted by our water, power and sewer operations, services and infrastructure. Our agency was the first utility in the nation to pass an Environmental Justice policy, and we proactively strive to provide diverse communities with opportunities in workforce and economic development, the arts, urban agriculture and education. The SFPUC recognizes the long history of barriers to opportunity in San Francisco which has caused economic and social disparities based on factors like race, ethnicity, sexual orientation, zip code, and immigration status. In July 2020, the SFPUC Commission adopted the SFPUC Racial Justice Resolution (Resolution 20-0149), directing the SFPUC to strengthen engagement to communities of color to ensure they have true access to representation and participation in our agency's processes.

We are dedicated to engaging our diverse community members by maintaining transparent communications and building strong partnerships through:

- Innovative educational campaigns;
- Media and crisis communications;
- Informative print and digital publications in multiple languages;
- Timely responses to public inquiries and public records requests;
- Engaging and timely social media content; and
- Public hearings, community events and educational presentations.

The following are key accomplishments within various SFPUC program areas:

Arts

- **Public art at the Future Southeast Community Center (SECC):** Partnering with the San Francisco Arts Commission (SFAC), SFPUC commissioned three new artworks to be located at future SECC by local artists Mildred Howard, Phillip Hua and Kenyatta A.C. Hinkle.

Education

- **California Academy of Sciences (Academy) Partnership:**
 - **“Tales from the Tap”:** SFPUC partnered with the Academy to produce a video titled, “Tales from the Tap” telling the story of the City’s water.
 - **Bayview Teachers Institute:** SFPUC partnered with the Academy to provide ongoing in-depth virtual professional development opportunities for K-5 teachers and students in San Francisco’s Bayview neighborhood.
 - **College Hill Learning Garden:** Pre-COVID, SFPUC hosted hundreds of San Francisco Unified School District (SFUSD) youth for free field trips to the College Hill Learning Garden. Students learned about eco-stewardship and the water, power and sewer operations of the SFPUC. Once fieldtrips are safe and allowed, interested teachers can request a fieldtrip at <http://www.sfwater.org/collegehill>.
- **John O’Connell High School (JOCHS) Awareness Pilot:**
 - Pilot initiative with JOCHS in San Francisco’s Mission District that focuses on Math, Science, and English curriculum to help expose students to utility sector careers.
 - SFPUC staff support activities such as Back to School night, tours of SFPUC infrastructure, serving as guest speakers, and fostering internships for JOCHS seniors.

- SFPUC partners with JOCHS to provide teachers with real-world applications for their curriculums, training on the biology behind wastewater treatment and the history of San Francisco’s water system.

Southeast Community Facility (SECC) Initiatives:

- **Construction of new SECC at 1550 Evans:** Construction on the new SECC began March 2020, with the new center scheduled to open in 2022. Working with our community partners, SFPUC exceeded local hiring goals and Local Business Enterprise (LBE) requirements for this construction project. The SECC team is leading an extensive community engagement process to support the activation of green space, development of programs, and the naming of the new center. The result of this engagement will be a new SECC envisioned by, and built for, the community.
- **COVID-19 Support:** The existing SECC at 1800 Oakdale is supporting the community during the COVID-19 pandemic by facilitating training space for front-line emergency response staff. Additionally, the facility has also hosted the following COVID-19 response services:
 - Food pantry in partnership with Wu Yee Children’s Services;
 - Weather relief station during extreme heat days and bad-air days due to wildfire smoke;
 - Personal Protective Equipment (PPE) distribution site for local small businesses in partnership with the African American Arts and Cultural District; and
 - COVID-19 testing site.

Long-Term Financial Planning

The SFPUC’s long-term financial planning is performed on a rolling ten-year forward basis. Consistent with the San Francisco Charter, updates to the Ten-Year Capital Plan, Ten-Year Financial Plan and Long-Term Strategic Plan are annually reviewed by the Commission, and public input is sought and welcomed. Additionally, the first five years of the Ten-Year Financial Plan are presented to the Board of Supervisors as part of the citywide financial plan. Our plans provide estimated rate impacts of projected spending and assure compliance with debt service coverage and fund balance reserve policy requirements. The plans also have been incorporated into our award-winning Budget and Financial Reports, helping ensure transparency for policy makers, the public and other users of our reports.

Business Continuity and Emergency Planning

The SFPUC has made significant investments in physical security for the water, wastewater and power enterprises, including establishing the SFPUC Emergency Planning and Security Program, which promotes maximum coordination and integration of all emergency planning responsibilities, focusing on security, emergency planning, preparedness, and continuity of operations. The program offers support for security assessment, incident coordination response, continuity of operations, and recovery; it is designed to provide the SFPUC with the capability to respond and recover quickly and appropriately to any potential emergency, and is responsible for the overall administration and coordination for the security system operations and development of the security strategy, policies, and procedures.

On February 25, 2020, Mayor Breed declared a state of emergency to prepare for COVID-19. On March 16, 2020 the County and five other Bay Area counties implemented shelter-in-place orders to reduce impact of the virus that causes COVID-19.

The SFPUC supported emergency response in 2020 deploying staff to San Francisco’s Emergency Operations Center (EOC) and the SFPUC Department Operations Center (DOC). Staff served as emergency responders as disaster service workers (DSWs), roles within Logistics, Planning & Operations, and Finance & Administration support. Staff supporting the EOC served as Feeding Unit chief, coordinators, and drivers for food delivery to senior citizens and the vulnerable population; laborers and forklift operators to coordinate and handle personal protective equipment (PPE) deliveries and distribution; worked as hotel site monitors of locations that temporarily housed the City’s homeless

population; medication delivery drivers; numerous analysts roles to assist Department of Public Health with data entry, tracking, and analysis; and support and greeters at COVID-19 test sites.

Emergency Customer Assistance Program

The SFPUC has long maintained a Customer Assistance Program (CAP), which offers discounts of 15% off water bills, 35% off of wastewater bills, and 30% off of Hetch Hetchy Power bills for customers whose household income is less than 200% of the Federal Poverty Level. In response to the COVID pandemic, on March 27, 2020 the Commission authorized the Temporary Emergency Customer Assistance Program for COVID-19 Relief (this program is also referred to as the “Emergency Residential Customer Assistance Program”). This emergency program allows single-family residential customers who have been financially impacted by the COVID-19 pandemic to receive the same discounts as the original CAP. This program was reauthorized on August 25, 2020, and again on December 8, 2020 to extend through June 30, 2021. Additionally, the Commission authorized a one-time customer assistance bill credit for all residential and small-commercial CleanPowerSF customers participating in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. The credits were \$50 for single-family residential customers, \$750 for small commercial customers, and \$3,000 for multi-family residential customers.

Recognizing many of San Francisco’s small businesses and nonprofits were financially impacted by COVID-related shelter-in-place orders, on July 14, 2020 the Commission authorized the Small Business and Nonprofit Customer Assistance Program for COVID-19 Relief. The Small Business and Nonprofit Assistance Program provides non-residential customers with fewer than 50 employees who have lost revenue due to COVID-19 with a 20% discount on water and sewer bills for a period of six (6) months. The enrollment period was extended through June 30, 2021 on December 8, 2020.

On July 28, 2020, the Commission implemented a temporary moratorium on water/power shutoffs, liens, and fines, which was extended on December 8 2020 to continue through June 30, 2021. Reliable water, power, and wastewater services are critical for enabling San Franciscans to comply with stay-at-home orders and remain healthy and safe, and it is important that lost income doesn’t lead to the loss of these fundamental services.

San Francisco’s Budget Process

The budget cycle for the biennial July 1 fiscal year budget begins in October and typically ends in July. The two-year fixed budget is prepared, reviewed, enacted by the Board of Supervisors, signed by the Mayor, and implemented by departments and adjusted as necessary during this period. The Board of Supervisors does not adopt a new budget for the second fiscal year of the cycle unless there are significant increases or decreases in revenues or expenditures which then reopen the budget to follow the usual budget process.

On March 16, 2020, as a result of the COVID-19 pandemic, Mayor Breed announced a Public Health Order requiring that San Francisco residents remain in place except for essential needs and services. All businesses deemed non-essential were directed to shutter until further notice, causing an immediate and significant impact on City revenues. To ensure the City was able to balance the upcoming two-year budget, the budget cycle was extended through September 2020. Furthermore, due to the significant uncertainty surrounding future revenues, the second year of the SFPUC’s budget cycle will be open for changes during this cycle.

The SFPUC’s two-year budget is comprised of two, single-year spending plans, which supports the ongoing mission of the SFPUC to provide its customers with high-quality, efficient and reliable water, wastewater, and power services in a manner that is inclusive of environmental and community interests, and that sustains the resources entrusted to our care. The budget is a detailed operating plan that identifies estimated costs and results in relation to estimated revenues and represents a process through which policy decisions are deliberated, implemented, and controlled. The budget aligns funding

to accomplish our long-term strategic goals and objectives, ensures funding for our operating programs, and purposefully supports the Strategic Plan targeted outcomes to ensure the appropriate application of resources to reach our goals.

Budgeting Basis

The City adopts budgets for all government funds on a budget basis relying on a current financial resources measurement focus and a modified accrual basis of accounting. The modified accrual method is a basis of accounting used with a current financial resources measurement focus. It modifies the accrual basis of accounting in two significant ways: first, revenues are only recognized when they are measurable and available; second, expenditures are recognized in the period in which the SFPUC normally liquidates the related liability rather than when the liability is first incurred, if earlier. The City Charter prohibits expending funds for which there is no legal appropriation.

Accounting Basis

The accounts of the SFPUC Enterprises are organized by proprietary fund type, specifically an enterprise fund. The activities of the Enterprises are accounted for with a separate set of self-balancing accounts that comprise the Enterprises' assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. Enterprise funds account for activities that (1) are financed with debt secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The financial activities of each Enterprise and the year-end audited financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with its operations are included on the Statement of Net Position; revenues are recorded when earned, and expenses recorded when liabilities are incurred. The SFPUC Enterprises apply all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Financial Transparency, Reporting and Auditing Process

This report was prepared by SFPUC Financial Services in conformance with the principles and standards for financial reporting set forth by the GASB and U.S. Generally Accepted Accounting Principles (GAAP). Recommended guidelines by the Government Finance Officers Association of the United States and Canada were also followed.

The SFPUC's management is responsible for both the accuracy of the data presented and the completeness and fairness of its presentation, including all disclosures. The existing comprehensive structure on internal controls in the City and SFPUC ensures that the financial statements are free of any material misstatements. This report is accurate in all material respects, and it is presented in a manner designed to set forth fairly the financial position and the results of operations of the SFPUC. The included disclosures enable the reader to gain a thorough understanding of the SFPUC's financial activities.

The SFPUC's financial statements have been audited by KPMG LLP, an independent registered public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the SFPUC for the fiscal years ended June 30, 2020 and 2019 are fairly presented in conformity with GAAP, and are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. The independent auditors rendered an

unmodified “clean” opinion on the SFPUC’s financial statements for the fiscal year ended June 30, 2020 since 2008. The independent auditors’ report is presented as the first component of the financial section of this report. Management’s Discussion and Analysis (MDA) is presented after the independent auditors’ report, and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MDA and should be read in conjunction with it.

Financial Authority and Policies

The City is a Charter City under the California Constitution, and as a result, the Charter is the guiding document for financial authority and policies for City departments. The SFPUC is the department responsible for the maintenance, operation and development of three utility enterprises: the Water Enterprise, the Wastewater Enterprise, and Hetch Hetchy Water and Power and CleanPowerSF Enterprise. Each of the SFPUC’s enterprise funds is operated and managed as a separate financial entity and separate enterprise entity.

The SFPUC’s financial policies, adopted and updated such as fund balance reserve and debt service coverage requirements are available on our website <http://www.sfwater.org/index.aspx?page=999>. The purpose and source for each of the designated reserves within its major funds of operating, capital projects, debt service, and trust are included in these guidelines which enable restricting funds for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating reserves to mitigate unexpected occurrences. These reserves are critical to the SFPUC’s financial strength and high bond ratings. Further, the City has a long-standing practice of recognizing and reserving for known and anticipated liabilities. The City also has established an irrevocable trust for other post-employment benefits (also known as retiree medical) and continues to make the annual requirement contribution to ensure this future obligation is funded.

Accounting Systems, Policies, and Internal Controls

In developing and maintaining the accounting systems, consideration is given by the administration as to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance. The SFPUC’s management is responsible for establishing and maintaining a system of internal controls designed to safeguard the enterprises’ assets from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. For the fiscal year ended June 30, 2020, the independent auditors noted a material weakness in internal controls relating to ‘tone at the top’ resulting from the recent federal complaint against the former general manager. Executive management is in the process of mitigating and resolving the noted internal control deficiency. SFPUC finance continues to demonstrate strength in maintaining financial integrity and internal controls through effective fiscal oversight, ‘clean’ audits, and timely resolution of audit observations.

The SFPUC’s Finance Department is responsible for providing the financial services for the utility enterprises, including support for financial accounting and reporting, accounts payable, billing and collection of water, wastewater, and power charges, and other revenues. The SFPUC’s financial statements and records are maintained on an enterprise basis using the accrual method of accounting to ensure the timely matching of revenues against the costs of providing services. Revenues and expenses are recorded in the period in which the revenues are earned, and the expenses are incurred.

Achievement Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the SFPUC for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. This was the 11th consecutive year that the government has achieved this prestigious award. In order to be awarded the Certificate of

Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Conclusion

We foster environmental, economic, and social sustainability for San Francisco and our service areas through continued investments in the upgrade and rehabilitation of existing systems and facilities. We rely upon the support of our community, our staff, and our elected officials to maintain our essential 24/7 operations.

We would like to express appreciation to the Mayor, the Board of Supervisors, and our Commission for their continued support of our achievements in responsible financial management, financial transparency, and reporting excellence.

Respectfully submitted,

A handwritten signature in blue ink that reads "Michael P. Carlin". The signature is written in a cursive style with a large initial "M" and "C".

Michael Carlin
Acting General Manager
San Francisco Public Utilities Commission

Mission, Vision, and Values



The mission of the San Francisco Public Utilities Commission (SFPUC or the Commission) is to provide our customers with high-quality, efficient and reliable water, power and wastewater services in a manner that is inclusive of environmental and community interests, and sustains the resources entrusted to the SFPUC's care.

SFPUC value sustainability as a fundamental business principle, showcased through the adoption of an agency-wide strategic sustainability plan to ingrain the values of a sustainable future into our agency's core processes. The SFPUC is a sustainable utility leader, recognized for superior results in service, value, environmental stewardship and innovation. Most importantly we value our workforce and community as reflected in the core values adopted by our organization.

- **Communication:** Listen and communicate honestly and openly.
- **Diversity:** Valuing a workforce that reflects all manner of views, experiences, backgrounds and talents, and recognize it is vital to the SFPUC success.
- **Equal Opportunity:** Provide opportunities to all staff to contribute and reach their potential. To achieve this, the SFPUC must be a learning organization.
- **Excellence:** Strive for personal and professional excellence, and recognize exemplary performance by seeking continuous improvement.
- **Inclusiveness:** Provide access and transparency to stakeholders and community members.
- **Respect:** Understand and appreciate the inherent value of the SFPUC's staff, customers and community.
- **Safety:** Take the health and safety of the SFPUC's employees, customers and communities seriously.
- **Service:** Focus on customer satisfaction, health and safety.
- **Stewardship:** Responsibly manage the resources entrusted to the SFPUC's care.
- **Teamwork:** Support a cooperative work environment; the SFPUC team is strengthened by the diversity and contributions of its members.
- **Trust:** Act with honesty, integrity and fairness.

Fiscal Year 2020

San Francisco Mayor and Public Utilities Commission Members

LONDON N. BREED
MAYOR

ANN MOLLER CAEN
PRESIDENT

ANSON MORAN
COMMISSIONER

FRANCESCA VIETOR
VICE PRESIDENT

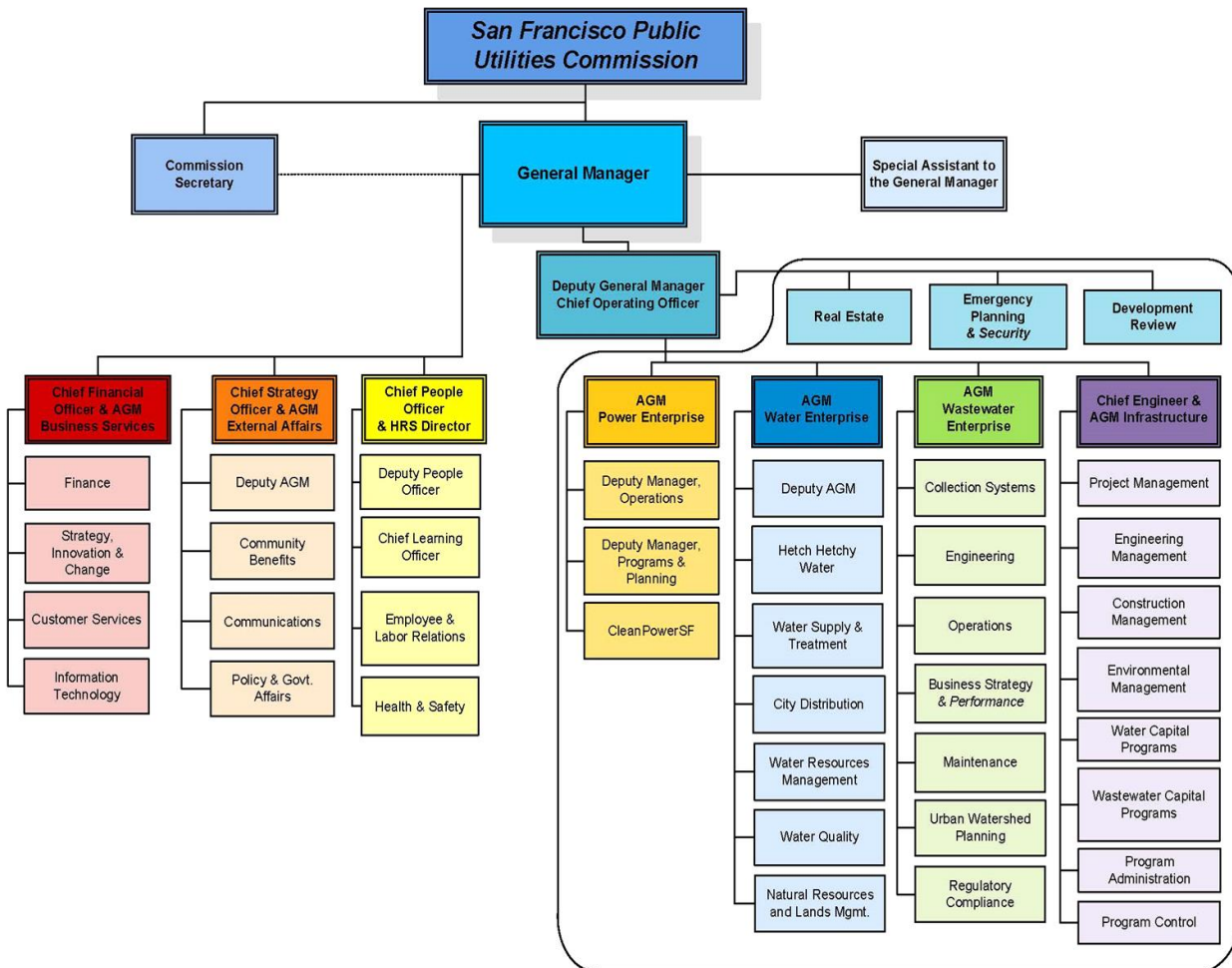
SOPHIE MAXWELL
COMMISSIONER

TIM PAULSON
COMMISSIONER

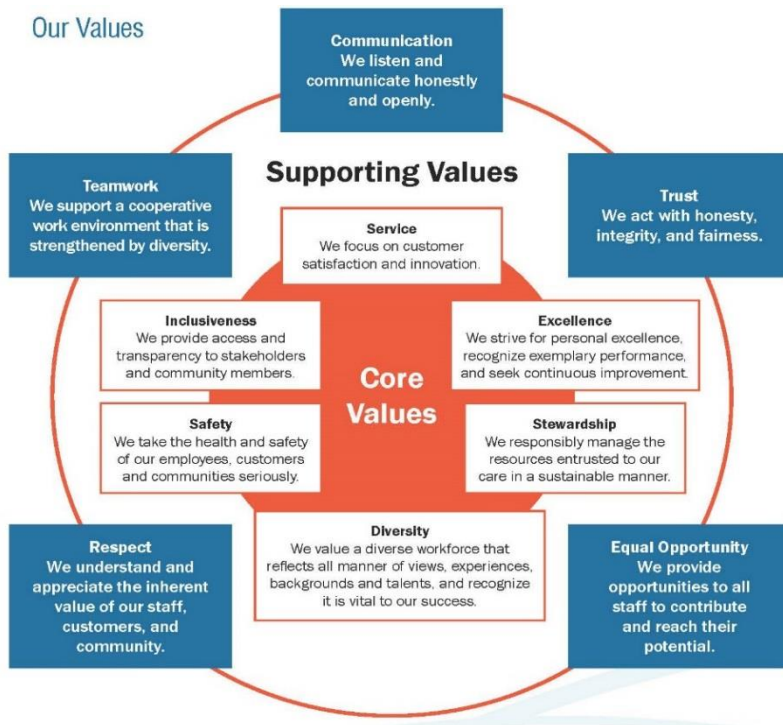
Structure

The SFPUC is comprised of three utility Enterprises, the Water Enterprise, Wastewater Enterprise, and the Power Enterprise, which is operated within Hetch Hetchy Water and Power and CleanPowerSF. Four Bureaus, comprised of Business Services, External Affairs, Human Resources Services, and Infrastructure provide critical support services and oversight to the Enterprises. Business Services Bureau includes Finance, Strategy, Innovation and Change, Customer Services and Information Technology. External Affairs/Chief Strategy Office Bureau includes Community Benefits, Communications, Policy and Government Affairs. Human Resources Services includes Employee and Labor Relations, Health and Safety. Infrastructure/Chief Engineer Bureau includes Project Management, Engineering Management, Construction Management, Environmental Management, Water Capital Programs, Wastewater Capital Programs, Program Administration and Program Control. The Office of the General Manager oversees the three bureaus (Business Services, External Affairs and Human Resources Services) and Special Assistant to the General Manager. The Office of the Deputy General Manager/Chief Operating Officer oversees the three enterprises, Infrastructure Bureau, Development Review, Real Estate and Emergency Planning and Security.

Organizational Chart



AGM is Assistant General Manager, the person who leads an Enterprise or Bureau.



The 2020 SFPUC Strategic Plan is a high-level and future-oriented plan. The purpose is to better align the work of the Water, Wastewater and Hetch Hetchy Enterprises, set a strategic direction and identify key priorities.

The 2020 SFPUC Strategic Plan outlines the mission, vision and values and sets forth 6 priority goals and supporting objectives.

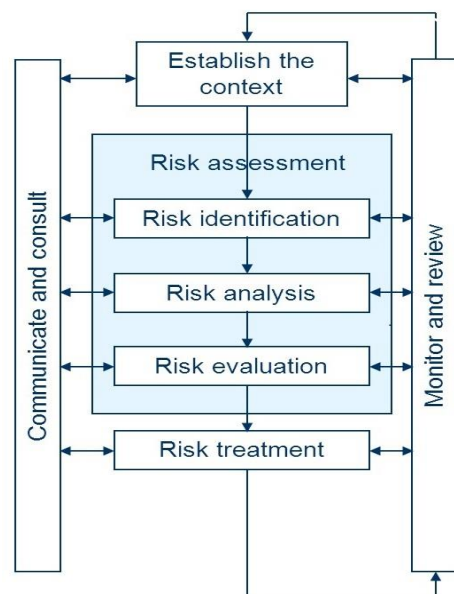
The goals are as follows:

- Reliable service and assets;
- Organizational excellence;
- Effective workforce;
- Financial sustainability;
- Stakeholder and community interest; and
- Environmental stewardship.

Each Goal has one or more Executive Champions who have worked across the Enterprises, Infrastructure and the Bureaus to develop performance measures including target and baseline metrics. There is a Lead Strategist for each of the six goal area who will carry the vision of their respective goal area will report biannually to the Goal Champions on progress of achieving the performance measures consistent with the target/baseline. At the end of the fiscal year, each Goal Champion is required to report performance measured against the target/baseline. More details of the 2020 SFPUC Strategic plan are available at <https://sfwater.org/index.aspx?page=1078> and the Performance Measures in the Operating Information section of this report.

Enterprise Risk Management Framework

The SFPUC helps ensure successful implementation of our Mission, Vision, and Values by integrating the principles of Enterprise Risk Management (ERM) into organizational culture and strategic decision making. In planning for our future, the ERM framework promotes a culture where risks are identified, assessed, prioritized, and managed to minimize threats hindering us from achieving our goals; and to maximize opportunities benefiting the SFPUC. Accountability and transparency are promoted through assignment of identified risks to owners, and routine reporting of mitigation status to senior management. The ERM framework is a continuous process that strengthens organizational structure and culture through communication and awareness, by adding value to the strategic decision-making process. The Risk Management division of the Strategy, Innovation and Change Bureau, provides strategic support to the SFPUC’s journey from a traditional risk management approach towards enterprise risk management – emphasizing effective management of the total cost of risk and management of risk for better outcomes.



In fiscal years 2015 and 2016 respectively, the Power Enterprise adopted the ISO 31000 standard for Risk Management for the Hetchy Power and CleanPowerSF program as the framework implementing and maturing ERM. The framework supports a systematic and proactive approach to identify and analyze risks that threaten business objectives before they occur. Proper identification of risks to business objectives ensures mitigation measures can be implemented to reduce the probability of certain risks occurring or reducing negative impact. The ERM process allows for a transparent flow of information throughout the enterprise and program, providing visibility of risks and issues to stakeholders across the business so that they can be discussed and managed openly.

Senior management in the Power Enterprise is deeply involved in the monitoring process and meets on a periodic basis to discuss immediate, emerging, and high priority risks; while a larger meeting of internal stakeholders is convened semi-annually to discuss broader risks across the enterprise. During these stakeholder discussions, new risks can be proposed and vetted for inclusion in the risk registry or existing risks retired if they no longer pose a threat to business objectives. Risks are profiled, and a risk register is retained in a risk management software application; which further assigns accountability and provides ongoing monitoring. Overall, the monitoring process established by the Power Enterprise and CleanPowerSF provides the ability for senior management to remain agile when responding to priority risks without being siloed in the decision-making process.

The 2020 SFPUC Strategic Plan, by way of the strategic goal of Financial Sustainability, endeavors to formalize enterprise risk management across the organization. ERM will continue to be applied in various areas of the organization. Previous successes include the Business Services Bureau, Emergency Planning and Security, and specific project-related programs.

The SFPUC also engages other methodologies as part of a comprehensive process for risk management. This includes the SFPUC Purchased Insurance Program, a portfolio of insurance policies acquired to mitigate various liability risks in mission critical assets, operational and financial. ERM benefitted this strategic process as a guide for senior management to assess and identify areas where risks were transferred through the purchase of insurance. Realized benefits include total property insurance reimbursements of nearly \$8.2 million related to the August 2013 “Rim Fire”, a large-scale wildfire that damaged and destroyed SFPUC mission critical assets in the Stanislaus National Forest. Other risk management activities include contractual risk review and advisement for the Infrastructure Project Management Bureau and Contract Management Bureau for construction, professional and general service contracts. SFPUC Risk Management also collaborates with the Office of the Administrator’s City Risk Management for citywide risk management initiatives.

Risk Categories

Strategic *Trends in Economy & Society*

- Stakeholders’ interests
- Public support/ Ratepayer fatigue
- Competing expectations
- Economic uncertainty
- Long-term planning vs. budget limitations
- Negative media coverage
- Image and reputation

Financial *Effect of Market Forces on Financial Assets or Liabilities*

- Bond rating
- Debt obligations
- Financial reporting
- Cash flow/availability
- Energy costs
- Rate fatigue

Operational *People, Processes & Systems or Controls*

- HR and personnel risks
- Operations disruption (e.g. construction, utilities failure, procurement)
- IT data / infrastructure compromise
- Process / execution failure
- Environmental
- Aging infrastructure

Legal/ Regulatory *Effect of Change in Laws and Regulations*

- Regulatory non-compliance with EPA, WECC/NERC, GASB, OSHA, government policy
- Compliance with the WSA and WRR
- Punitive damages, law suits

Insurable Hazards *Loss Exposures: Property, Liability or Personnel*

Our property insurance policy covers select Mission Critical Power Assets for all risks (e.g. fire, flood up to \$1 million, terrorism, etc.) excluding specific catastrophic perils (e.g. earthquake, tsunami, war, etc.).

We have not purchased Business Interruption insurance as the property insurance ‘extra expense’ clause serves a similar purpose.

- Construction
- Worker injury/illness
- Third-party liability
- Physical structure damage
- Public Officials’ liability
- Employment liability

Overall, the SFPUC's ERM initiatives are designed to reduce the chances of a negative outcome from occurring, lessen its impact, or transfer financial liabilities away from the organization. These initiatives can also increase opportunities and maximize the benefit from taking advantage of positive outcomes. A combination of these strategies will help lower the total cost of risk for the SFPUC and achieve both short and long-term benefits to our ratepayers.

Fiscal Year 2021 Operating Budgets

The SFPUC annual budgets, including debt service and cash-funded capital, as well as operation programs total \$1.43 billion and \$1.41 billion for fiscal years 2021 and 2020, respectively. The operating programs include regular operating costs, maintenance of utility facilities and lands, as well as support services, like management, business services, planning, regulatory compliance, communication, and planned debt service for each of the Enterprise. The operating budget is financed by both wholesale and retail rates, service charges and non-operating revenues, including rental income and interest earnings. Of the SFPUC fiscal year 2021 \$1.43 billion operating budget, the Water Enterprise accounts for \$612.5 million to fund the operations and maintenance of the SFPUC water system; Wastewater Enterprise's operating budget of \$385.8 million funds the operations and maintenance of the SFPUC's sewer system. Hetch Hetchy Water and Power's operating budget of \$209.1 million funds the operations and maintenance of the upcountry water and power systems, including Power Enterprise activities within the City. CleanPowerSF's operating budget of \$226.5 million funds the operations and power purchases. Detailed budget information is available on our website <https://www.sfwater.org/index.aspx?page=350>.

Fiscal Year 2021 Capital Budgets

Our capital programs are intended to reconstruct, replace, expand, repair, or improve facilities that are under the SFPUC's jurisdiction. The capital budgets are coordinated with the Ten-Year Capital Plan and the Ten-Year Financial Plan. The issuance of revenue bonds, other forms of indebtedness, and the execution of governmental loans are provided under the San Francisco City Charter to finance our capital programs. The repayment of this indebtedness is provided through rates and service charge revenues of the SFPUC that incurs the debt and benefits from the underlying capital improvements. The budget appropriations for capital programs are coordinated with the SFPUC's Ten-Year Capital Financial Plans. The SFPUC develops stand-alone supplemental appropriations for our capital program which are coordinated with our operating budget review and approval cycle.

Total approved fiscal year 2021 capital budgets were \$399.2 million, including \$132.1 million for the Water Enterprise, \$170.9 million for the Wastewater Enterprise, \$94.3 million for Hetch Hetchy Water and Power Enterprise and \$1.9 million for CleanPowerSF. The major capital investment for the Water Enterprise included Watersheds and Land Management, Local Water Conveyance/Distribution System projects, and Local Buildings and Grounds Improvements. The Watershed and Land Management program improve and/or protect the water quality and/or ecological resources impacted by the operations of the SFPUC water system. Projects include the repair, replacement and maintenance of roads, fences, or trails and the acquisition of easements or properties to meet these purposes. Local Water Conveyance and Distribution program, to fund the management of all linear assets in the local water distribution system. The Local Buildings and Grounds Improvements program is to fund the new Central Distribution Division (CDD) Headquarter project and to address life safety standards for seismic events, building code requirements and facilities that are past useful life. Existing facilities needed to be replaced include administrative offices, warehouse, shops, materials and equipment storage and vehicle fleet.

The Wastewater Enterprise's major capital investment includes the Collection System Sewer Repair & Replacement (R&R), Treatment Plant R&R and Islais Creek Crossing. The Collection System R&R projects including sewer condition assessments which support the Collection System Asset Management program, spot sewer repairs and planned/emergency projects to repair/replace 15 miles

of structurally inadequate sewers to maintain the existing functionality of the collection system. The Treatment Plant R&R program is to maintain the capacity and reliable performance of the wastewater treatment facilities, including repairs to Transport Boxes, Pump Stations, Force Mains, Tunnels and Treatment Plants prioritized by condition assessments, regulatory compliance, staff recommendations and level of service goals. The Islais Creek Crossing project will rehabilitate pipelines and modify the effluent pump station to ensure compliance with regulatory requirements and increase reliability.

The Hetch Hetchy Water and Power's major capital investment includes the design and construction for Transmission/Distribution Improvement project, and Water infrastructure projects including the Mountain Tunnel and Moccasin Dam Improvement projects. The Transmission/Distribution Improvements project mainly provides for the design and construction of transmission and distribution facilities to serve new retail customers, installation of Intervening Facilities required under the new Wholesale Distribution Tariff and the development, administration, and incentive payments to new retail customers. The CleanPowerSF major capital investment includes the development of new renewable energy (solar photovoltaic) and battery storage projects on select SFPUC sites as well as development and implementation of new customer programs project for programs supporting demand response, electric mobility, local renewable energy generation, and building decarbonization technologies.

Ten-Year Financial Plan

The SFPUC prepares an annual updated Ten-Year Financial Plan as required by the City and County of San Francisco Charter Section 8B.123. The Ten-Year Financial Plan (Plan) provides a long-range view of the resulting utility rates required of each enterprise. The Plan is a summary of projected revenues, expenditures, fund balances, and financial ratios for each SFPUC enterprises over a rolling ten-year period. The Plan assumptions are based on current Board of Supervisors and Commission policies, goals and objectives. A key objective is to promote SFPUC's Strategic Plan goal of Financial Sustainability by estimating future revenue requirements and financial ratios while providing a view of resulting rates. Consolidating these key financial indicators into the Plan serves to inform the SFPUC's long-term planning decisions. This is not a budget, nor are funds appropriated based on the plan. The plan assumes debt financing of capital needs over the next few years for the Capital Improvement Programs for Water's Regional Treatment Program, Wastewater's SSIP, and Hetch Hetchy Water and Power's Capital Program (which includes the Commercial Paper Program) to match financing needs with project spending. The Interim Funding Program facilitates short-term financing, typically at lower interest rates than longer term debt, which minimizes costs for ratepayers. The authorized Interim Funding Program as of June 30, 2020 was \$1.5 billion including \$500 million for Water Enterprise, \$750 million for Wastewater Enterprise and \$250 million for Hetch Hetchy Water and Power Enterprise.

Ten-Year Capital Plan

The SFPUC prepares an annual updated Ten-Year Capital Plan as required by the City and County of San Francisco Charter Section 3.20. The plan helps inform and guide managers, policy makers, elected officials and the public by providing the proposed long-term capital program, projects and investment. The Ten-Year Capital Plan guides the biennial capital budget development. As the budget process progresses through the Spring and final adoption in the Summer, the updated Capital Improvement Programs (CIPs) are revised forming the biennial capital budget. Consequently, even though the annual CIPs are based on the Ten-Year Capital Plan, they do not always match by project or dollar amount.

SFPUC fiscal years 2021 through 2030 Ten-Year Capital Plan totals \$8.9 billion. Water Enterprise is approximately \$2.2 billion with investments divided between regional and local (in-city predominately) needs such as the New CDD Headquarter. Wastewater Enterprise is approximately \$5.1 billion which mainly includes the R&R program for the Collection System and SSIP. Hetchy Water and Hetchy Power's is approximately \$1.6 billion is to fund up-county water/power projects and local power projects such as San Joaquin Pipeline project and Mountain Tunnel project. CleanPowerSF is approximately \$75 million to fund the development of new renewable energy (solar photovoltaic) and battery storage projects.



Photo by: Robin Scheswohl

Southeast Wastewater Treatment
Plant from the Biosolids Digester
Facilities Project



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission



Financial Section

Independent Auditors' Report

Management's Discussion and Analysis (Unaudited)

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Schedules of the Proportionate Share of the Net Pension Liability

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Supplementary Information (Proprietary Funds)

Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year

Schedule of Changes in Revenues, Expenses, and Net Position – Dollar and Percentage
Change vs. Prior Year



Photo by: Robin Scheswohl

Oceanside Plant Digester Gas Utilization Upgrade Project: Gas Tank Demolition



KPMG LLP
Suite 1400
55 Second Street
San Francisco, CA 94105

Independent Auditors' Report

The Honorable Mayor and Board of Supervisors
City and County of San Francisco:

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of each major fund of the San Francisco Public Utilities Commission (SFPUC), a department of the City and County of San Francisco, California, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the SFPUC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of each major fund for SFPUC, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1, the financial statements of SFPUC are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of each major fund of the City that is attributable to the transactions of SFPUC. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020 and 2019, the changes in its



financial position, or, where applicable, its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 24–73 and required supplementary information, as listed in the accompanying table of contents (collectively referred to as RSI) on pages 165–169 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SFPUC's basic financial statements. The introductory section, supplementary information and statistical section as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021 on our consideration of the SFPUC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SFPUC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SFPUC's internal control over financial reporting and compliance.

KPMG LLP

San Francisco, California
February 26, 2021

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Management's Discussion and Analysis (Unaudited)
June 30, 2020 and 2019
(Dollars in thousands, unless otherwise stated)

This section presents management's analysis of the San Francisco Public Utilities Commission's (SFPUC or the Commission) financial condition and activities as of and for the fiscal years ended June 30, 2020 and 2019. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to SFPUC's financial statements. This information should be read in conjunction with the audited financial statements that follow this section. All dollar amounts, unless otherwise noted, are expressed in thousands of dollars.

In May 2016, SFPUC launched CleanPowerSF, a Community Choice Aggregation (CCA) program into operation, pooling the electricity demands of their residents and businesses for the purpose of buying electricity on behalf of those customers. CleanPowerSF provides San Francisco with new clean energy alternatives, with its objectives to reduce greenhouse gas emissions, and to provide the City and County of San Francisco's (the City) energy consumers with renewable electricity supplies at competitive rates. The SFPUC intends CleanPowerSF to be financially independent, with ability to set rates and charges with adequate revenues, and to issue debt to support its operations and future projects. CleanPowerSF is discretely presented as a fund of Hetch Hetchy Water and Power and CleanPowerSF Enterprise starting fiscal year ended 2017.

The information in this MDA is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- COVID-19
- Financial Analysis
- Capital Assets
- Debt Administration
- Rates and Charges
- Request for Information

Organization and Business

The SFPUC is a department of the City that is responsible for the maintenance, operation, and development of three utility enterprises and five funds. The three utility enterprises include Water, Wastewater, and Hetch Hetchy (Hetchy Water, Hetchy Power and CleanPowerSF).

Water Enterprise

As the third largest municipal water agency in California, the Water Enterprise collects, transmits, treats, and distributes high quality drinking water to a total population of approximately 2.7 million people, including retail customers in the City and wholesale customers located in San Mateo, Santa Clara, and Alameda Counties. The Water Enterprise sold approximately 191 million gallons of water per day in the year ended June 30, 2020. Approximately two-thirds of the water delivered by the Water Enterprise is to wholesale customers. Retail customers use the remaining one-third and are primarily San Francisco consumers, including residential, commercial, industrial, and governmental users. Wholesale customers include cities, water districts, one private utility, and one non-profit university. Service to these customers is provided pursuant to the 25-year Amended and Restated Water Supply Agreement (WSA), commenced on July 1, 2009, which established the basis for determining the costs of wholesale service.

Wastewater Enterprise

The primary responsibility of the Wastewater Enterprise is to protect the public health and the surrounding bay and ocean receiving waters by collecting, transmitting, treating, and discharging storm and sanitary

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flows generated in the service area. This includes 1,123 miles of combined, sanitary, and storm collection system pipes including: gravity mains, force mains, culverts, transport storage boxes, and tunnels. San Francisco is the only coastal city in California with a combined sewer system that collects both wastewater and stormwater in the same network of pipes and provides treatment to remove harmful pollutants before discharging into the San Francisco Bay and Pacific Ocean. In addition, the Wastewater Enterprise serves on a contractual basis certain municipal customers located outside of the City limits, including the North San Mateo County Sanitation District No. 3, Bayshore Sanitary District, and the City of Brisbane. The Wastewater Enterprise recovers costs of service through user fees based on the volume and strength of sanitary flow. As of June 30, 2020, the Wastewater Enterprise serves 148,336 residential accounts, which discharge about 16.9 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and 26,180 non-residential accounts, which discharge about 6.8 million ccf per year.

Hetchy Water

For efficiency and to streamline the coordination of upcountry water and power operations, Hetchy Water operates upcountry and joint-asset facilities, managing resources in an environmentally responsible manner to a high standard of safety and reliability while meeting regulatory requirements. It is responsible for operating the Hetch Hetchy Reservoir, the main source of water for the Hetch Hetchy system. Hetchy Water operates, maintains, and improves water and power facilities, smaller dams and reservoirs, water transmission systems, power generation facilities, and power transmission assets, including transmission lines to the Newark substation. Hetchy Water delivers high-quality water from upcountry downhill to the Bay Area while optimizing the resulting generation of clean hydropower as water is transported through the system. It maintains land and properties consistent with public health and neighborhood concerns.

Hetchy Power

The core business of Hetchy Power, as a municipal department, is to provide adequate and reliable supplies of electric power to meet the electricity needs of City and County of San Francisco's customers, and to offer, when available, power for the municipal loads and agricultural pumping demands consistent with prescribed contractual obligations and federal law.

Hetchy Power's portfolio consists of hydroelectric generation, onsite solar at SFPUC and other City facilities, generation using bio-methane produced at SFPUC wastewater treatment facilities, and third-party purchases. Consistent with its commitment to the development of cleaner and greener power, and to address environmental concerns and community objectives, Hetchy Power continues to evaluate and expand its existing resource base to include additional renewables, distributed generation, demand management, and energy efficiency programs. As part of its mission and core functions, Hetchy Power provides reliable energy services at reasonable cost to customers, with attention to environmental effects and community concerns.

Hetch Hetchy Joint for Hetchy Water and Hetchy Power

A portion of Hetch Hetchy's operating budget, capital program, and assets, provides benefit to both Hetchy Power and Hetchy Water. This is commonly referred to as joint costs and joint assets. Both operating and capital costs that jointly benefit both funds are allocated 55% to Hetchy Power and 45% to Hetchy Water, as has historically been done by the SFPUC.

CleanPowerSF

The core business of CleanPowerSF is to provide greener electricity generation to residential and commercial consumers in San Francisco. Through CleanPowerSF, SFPUC seeks to achieve several

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complementary goals, including affordable and competitive electricity generation rates, a diverse electricity resource portfolio that is comprised of renewable and other clean sources of supply, and high-quality customer service.

Overview of the Financial Statements

The Department's financial statements include:

Statements of Net Position present information on the Department's assets, deferred outflows, liabilities, and deferred inflows as of year-end, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or worsening.

While the *Statements of Net Position* provide information about the nature and amount of resources and obligations at year-end, the *Statements of Revenues, Expenses, and Changes in Net Position* present the results of the Department's operations over the course of the fiscal year and information as to how the net position changed during the year. These statements can be used as an indicator of the extent to which the Department has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in these statements from some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expenses of employee earned but unused vacation leave.

The *Statements of Cash Flows* present changes in cash and cash equivalents resulting from operational, capital, non-capital, and investing activities. These statements summarize the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt, and exclude non-cash accounting measures of depreciation or amortization of assets.

The *Notes to Financial Statements* provide information that is essential to a full understanding of the financial statements that is not presented on the face of the financial statements.

Fund Financial Statements

The Department has five funds: Water, Wastewater, Hetchy Water, Hetchy Power, and CleanPowerSF.

COVID-19

On February 25, 2020, the Mayor issued a Proclamation declaring a local emergency to exist in connection with the imminent spread within the City of the novel coronavirus ("COVID-19"). On March 16, 2020, the City's Health Officer issued a stay safe at home order, Health Officer Order No. C19-07 (the "Stay Safe At Home Order"), requiring most people and City employees to remain in their homes subject to certain exceptions including obtaining essential goods such as food and necessary supplies, and requiring the closure of nonessential businesses. In addition, Section 2 of the second supplement to the emergency proclamation authorizes the SFPUC to suspend (a) discontinuation or shut off of water, sewer, and power services for residents and businesses in the City for non-payment of water, sewer, and power bills, (b) the return of delinquent CleanPowerSF Customers to PG&E generation service for failure to pay CleanPowerSF charges and (c) the imposition of late payment penalties or fees for delinquent water, sewer and power bills through July 11, 2020. This proclamation did not suspend or have a material effect on the operations of the SFPUC.

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Financial Analysis

Financial Highlights for Fiscal Year 2020

Department-wide Business Type Activities

- Total assets of SFPUC exceeded total liabilities by \$2,480,962.
- Net position increased by \$243,561 or 9.9% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$537,951 or 6.2% to \$9,199,044.
- Operating revenues increased by \$129,905 or 10.7% to \$1,348,763.
- Operating expenses increased by \$122,218 or 13.2% to \$1,049,402.

Water

- Total assets of the Water Enterprise exceeded total liabilities by \$448,825.
- Net position increased by \$98,877 or 18.2% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$141,887 or 2.6% to \$5,530,545.
- Current and other assets increased by \$96,743 or 16.0% mainly due to increased receivables from other governments and cash from operating activities.
- Operating revenues increased by \$40,960 or 7.6% to \$583,351.
- Operating expenses increased by \$41,023 or 11.5% to \$398,117.

Wastewater

- Total assets of the Wastewater Enterprise exceeded total liabilities by \$1,273,337.
- Net position increased by \$63,793 or 5.2% during the year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$340,484 or 12.5% to \$3,062,288.
- Operating revenues increased by \$13,047 or 3.9% to \$344,128.
- Operating expenses increased by \$2,446 or 0.9% to \$262,259.

Hetchy Water

- Total assets of Hetchy Water exceeded total liabilities by \$206,283.
- Net position increased by \$9,862 or 4.9% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$11,679 or 7.8% to \$160,782.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$948 or 2.8% to \$34,953.
- Operating expenses, excluding other non-operating expenses, decreased by \$5,432 or 10.8% to \$44,873.

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Hetchy Power

- Total assets of Hetchy Power exceeded total liabilities by \$459,800.
- Net position increased by \$19,892 or 4.5% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$43,901 or 10.9% to \$445,429.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, decreased by \$2,690 or 1.9% to \$140,871.
- Operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$25,439 or 20.7% to \$148,127.

CleanPowerSF

- Total assets of CleanPowerSF exceeded total liabilities by \$92,717.
- Net position increased by \$51,137 or 127.8% during the fiscal year.
- CleanPowerSF had no capital assets, net of accumulated depreciation and amortization, as of June 30, 2020.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$77,640 or 46.3% to \$245,460.
- Operating expenses, excluding interest expense increased by \$58,742 or 42.8% to \$196,026.

Financial Highlights for Fiscal Year 2019

Department-wide Business Type Activities

- Total assets of SFPUC exceeded total liabilities by \$2,281,402.
- Net position increased by \$187,245 or 8.2% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$427,312 or 5.2% to \$8,661,093.
- Operating revenues increased by \$186,160 or 18.0% to \$1,218,858.
- Operating expenses increased by \$120,516 or 14.9% to \$927,184.

Water

- Total assets of Water Enterprise exceeded total liabilities by \$381,783.
- Net position increased by \$52,614 or 10.7% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$125,425 or 2.4% to \$5,388,658.
- Current and other assets decreased by \$71,821 or 10.6% mainly due to debt principal and interest repayments and Water System Improvement Program (WSIP) related capital projects spending.
- Operating revenues increased by \$16,752 or 3.2% to \$542,391.
- Operating expenses decreased by \$13,053 or 3.5% to \$357,094.

Wastewater

- Total assets of the Wastewater Enterprise exceeded total liabilities by \$1,218,386.

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- Net position increased by \$55,018 or 4.7% during the year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$230,678 or 9.3% to \$2,721,804.
- Operating revenues increased by \$15,985 or 5.1% to \$331,081.
- Operating expenses increased by \$20,907 or 8.8% to \$259,813.

Hetchy Water

- Total assets of Hetchy Water exceeded total liabilities by \$198,686.
- Net position increased by \$9,383 or 4.9% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$9,304 or 6.7% to \$149,103.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$445 or 1.3% to \$34,005.
- Operating expenses, excluding other non-operating expenses, increased by \$10,513 or 26.4% to \$50,305.

Hetchy Power

- Total assets of Hetchy Power exceeded total liabilities by \$442,675.
- Net position increased by \$39,089 or 9.6% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$61,905 or 18.2% to \$401,528.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$24,726 or 20.8% to \$143,561.
- Operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$3,293 or 2.8% to \$122,688.

CleanPowerSF

- Total assets of CleanPowerSF exceeded total liabilities by \$39,872.
- Net position increased by \$31,141 or 351.5% during the fiscal year.
- CleanPowerSF had no capital assets, net of accumulated depreciation and amortization, as of June 30, 2019.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$128,252 or 324.1% to \$167,820.
- Operating expenses, excluding interest expense increased by \$98,856 or 257.2% to \$137,284.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
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Financial Position

Department-wide Business Type Activities

The following table summarizes the department-wide changes in net position. Detailed discussion follows for each proprietary fund.

Table 1
Business Type Activities
Comparative Condensed Net Position
June 30, 2020, 2019, and 2018

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Total assets:					
Current and other assets	\$ 1,615,614	1,818,271	1,294,469	(202,657)	523,802
Capital assets, net of accumulated depreciation and amortization	9,199,044	8,661,093	8,233,781	537,951	427,312
Total assets	<u>10,814,658</u>	<u>10,479,364</u>	<u>9,528,250</u>	<u>335,294</u>	<u>951,114</u>
Deferred outflows of resources:					
Unamortized loss on refunding of debt	144,378	139,387	150,755	4,991	(11,368)
Pensions	115,744	97,016	109,009	18,728	(11,993)
Other post-employment benefits	43,100	20,903	14,360	22,197	6,543
Total deferred outflows of resources	<u>303,222</u>	<u>257,306</u>	<u>274,124</u>	<u>45,916</u>	<u>(16,818)</u>
Liabilities:					
Current liabilities:					
Bonds	119,435	125,512	100,155	(6,077)	25,357
Certificates of participation	3,955	3,765	3,580	190	185
Commercial paper	633,828	503,558	323,451	130,270	180,107
State revolving fund loans	2,458	1,239	296	1,219	943
Other liabilities	346,217	285,428	279,817	60,789	5,611
Subtotal current liabilities	<u>1,105,893</u>	<u>919,502</u>	<u>707,299</u>	<u>186,391</u>	<u>212,203</u>
Long-term liabilities:					
Bonds	6,247,401	6,390,220	5,889,998	(142,819)	500,222
Certificates of participation	138,310	142,442	146,428	(4,132)	(3,986)
State revolving fund loans	159,362	86,793	22,311	72,569	64,482
Other liabilities	682,730	659,005	738,532	23,725	(79,527)
Subtotal long-term liabilities	<u>7,227,803</u>	<u>7,278,460</u>	<u>6,797,269</u>	<u>(50,657)</u>	<u>481,191</u>
Total liabilities:					
Bonds	6,366,836	6,515,732	5,990,153	(148,896)	525,579
Certificates of participation	142,265	146,207	150,008	(3,942)	(3,801)
Commercial paper	633,828	503,558	323,451	130,270	180,107
State revolving fund loans	161,820	88,032	22,607	73,788	65,425
Other liabilities	1,028,947	944,433	1,018,349	84,514	(73,916)
Total liabilities	<u>8,333,696</u>	<u>8,197,962</u>	<u>7,504,568</u>	<u>135,734</u>	<u>693,394</u>
Deferred inflows of resources:					
Related to pensions	62,629	58,298	26,459	4,331	31,839
Other post-employment benefits	19,824	22,240	422	(2,416)	21,818
Total deferred inflows of resources	<u>82,453</u>	<u>80,538</u>	<u>26,881</u>	<u>1,915</u>	<u>53,657</u>
Net position:					
Net investment in capital assets	2,194,130	2,147,756	2,087,816	46,374	59,940
Restricted for debt service	17,285	18,617	25,079	(1,332)	(6,462)
Restricted for capital projects	49,635	26,906	44,690	22,729	(17,784)
Unrestricted	440,681	264,891	113,340	175,790	151,551
Total net position	<u>\$ 2,701,731</u>	<u>2,458,170</u>	<u>2,270,925</u>	<u>243,561</u>	<u>187,245</u>

* Eliminated interfund payables and receivables of \$1,800 \$3,731 and \$5,601 working capital loan between Hetchy Power and CleanPowerSF and \$847, \$955 and \$1,061 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction cost in fiscal years 2020, 2019 and 2018, respectively.

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The following table summarizes Water's changes in net position.

Table 1A
Proprietary Fund – Water
Comparative Condensed Net Position
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	2020	2019	2018	2020 - 2019 Change	2019 - 2018 Change
Total assets:					
Current and other assets	\$ 701,206	604,463	676,284	96,743	(71,821)
Capital assets, net of accumulated depreciation and amortization	5,530,545	5,388,658	5,263,233	141,887	125,425
Total assets	<u>6,231,751</u>	<u>5,993,121</u>	<u>5,939,517</u>	<u>238,630</u>	<u>53,604</u>
Deferred outflows of resources:					
Unamortized loss on refunding of debt	144,189	139,061	150,255	5,128	(11,194)
Pensions	67,084	55,465	62,062	11,619	(6,597)
Other post-employment benefits	27,583	13,142	9,122	14,441	4,020
Total deferred outflows of resources	<u>238,856</u>	<u>207,668</u>	<u>221,439</u>	<u>31,188</u>	<u>(13,771)</u>
Liabilities:					
Current liabilities:					
Revenue bonds and Capital Appreciation Bonds	94,080	100,899	76,665	(6,819)	24,234
Certificates of participation	2,824	2,688	2,556	136	132
Commercial paper	362,354	161,336	40,312	201,018	121,024
Other liabilities	134,563	132,251	137,576	2,312	(5,325)
Subtotal current liabilities	<u>593,821</u>	<u>397,174</u>	<u>257,109</u>	<u>196,647</u>	<u>140,065</u>
Long-term liabilities:					
Revenue and capital appreciation bonds	4,601,215	4,709,678	4,839,101	(108,463)	(129,423)
Certificates of participation	98,754	101,704	104,550	(2,950)	(2,846)
State revolving fund loans	73,271	—	—	73,271	—
Other liabilities	415,865	402,782	455,341	13,083	(52,559)
Subtotal long-term liabilities	<u>5,189,105</u>	<u>5,214,164</u>	<u>5,398,992</u>	<u>(25,059)</u>	<u>(184,828)</u>
Total liabilities:					
Revenue and capital appreciation bonds	4,695,295	4,810,577	4,915,766	(115,282)	(105,189)
Certificates of participation	101,578	104,392	107,106	(2,814)	(2,714)
Commercial paper	362,354	161,336	40,312	201,018	121,024
State revolving fund loans	73,271	—	—	73,271	—
Other liabilities	550,428	535,033	592,917	15,395	(57,884)
Total liabilities	<u>5,782,926</u>	<u>5,611,338</u>	<u>5,656,101</u>	<u>171,588</u>	<u>(44,763)</u>
Deferred inflows of resources:					
Related to pensions	34,894	33,330	15,063	1,564	18,267
Other post-employment benefits	11,772	13,983	268	(2,211)	13,715
Total deferred inflows of resources	<u>46,666</u>	<u>47,313</u>	<u>15,331</u>	<u>(647)</u>	<u>31,982</u>
Net position:					
Net investment in capital assets	527,856	563,457	504,476	(35,601)	58,981
Restricted for debt service	15,916	16,193	22,933	(277)	(6,740)
Restricted for capital projects	43,122	—	32,978	43,122	(32,978)
Unrestricted	54,121	(37,512)	(70,863)	91,633	33,351
Total net position	<u>\$ 641,015</u>	<u>542,138</u>	<u>489,524</u>	<u>98,877</u>	<u>52,614</u>

Water Net Position, Fiscal Year 2020

For the year ended June 30, 2020, the Water Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$641,015. Total net position increased from prior year by \$98,877 or 18.2% (see Table 1A). The increase in net position was the result of an increase of \$269,818 in assets and deferred outflows of resources offset by an increase of \$170,941 in liabilities and deferred inflows of resources.

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Current and other assets are primarily comprised of restricted and unrestricted balances of cash, receivables for water deliveries and services, interfund receivables due from other governmental agencies, and inventory. This also includes receivables, which represent cumulative amounts due from the wholesale customers to match revenues with the Water Enterprise's costs of providing service (the Balancing Account), in accordance with the provisions set forth in the WSA effective July 1, 2009. Balances are applied to future year rates. As of June 30, 2020, the Water Enterprise owed the wholesale customers \$64,857, which was mainly due to lower water demand by the wholesale customers. This amount was recorded as a liability in accordance with the 2009 agreement. See Note 10, Water Supply Agreement, for additional details.

During the fiscal year 2020, current and other assets increased by \$96,743 or 16.0%. The increases included \$73,271 due from the State Water Resources Control Board (SWRCB) State Revolving Funds Loan relating to the SF Recycled Water project, \$18,866 in restricted and unrestricted cash and investments mainly due to higher cash collections from customers, \$4,810 in charges for services receivable mainly due to an 8% rate increase, \$1,336 in prepaid charges, advances and other receivables mainly for prepaid expenses of software licensing and membership fees, and \$351 in inventory as a result of more purchases than issuances during the fiscal year. These increases were offset by decreases of \$1,393 in interest receivable for interest allocation due to lower rates, \$390 mainly due from the Office of Economic and Workforce Development for custom work projects, \$88 due from other governments for grants relating to water efficiency, and \$20 in restricted interest and other receivables from lower federal interest subsidy receivables compared to prior year.

Capital assets, net of accumulated depreciation and amortization, increased by \$141,887 or 2.6% mainly from the property transfer of 639 Bryant Street for 2000 Marin Street and from construction and capital improvement activities. The largest portion of the Water Enterprise's net position of \$527,856 or 82.3% represents net investment in capital assets (see Capital Assets section of the MDA for more information), which decreased by \$35,601 or 6.3% from prior year's \$563,457; as explained by a \$177,488 increase in liabilities related to capital assets mainly from the issuance of commercial paper, offset by an increase of \$141,887 in capital assets in buildings, structures, and improvements and construction in progress mainly from assets placed into service and pending year end fixed assets entries.

Deferred outflows of resources increased by \$31,188 due to a \$14,441 increase from other post-employment benefits (OPEB) obligations, and \$11,619 increase relating to pensions based on actuarial reports. Unamortized loss on refunding increased by \$5,128 from the issuance of the 2010 Series ABC revenue bonds.

Total liabilities increased by \$171,588 or 3.1% which is explained by increases of \$201,018 from additional commercial paper issuances, \$73,271 in State Revolving Funds Loan payable relating to the SF Recycled Water project, \$12,913 in other post-employment benefits obligations from actuarial assumptions, \$4,464 in interest payable mainly from the issuance of 2019 Series ABC revenue bonds, \$3,068 in accrued payroll, vacation and sick leave due to more days in current year end payroll accrual compared to prior year end accrual and 3% cost of living adjustment (COLA), \$2,704 in net pension liability based on actuarial report, \$674 due to other City departments primarily for legal services provided by the City Attorney and projects performed by the Department of Public Works for Sidewalk Inspection and Repair projects, and \$28 in the Wholesale Balancing Account (see Note 10 for details). These increases were offset by decreases of \$113,253 in outstanding revenue bonds due to refunding of principal from the issuance of 2019 Series ABC revenue bonds, principal repayments and premium and discount amortization, \$4,014 in restricted and unrestricted payables mainly due to lower retained contracts payable, \$2,814 in outstanding certificates of participation due to repayment and amortization of premium, \$2,029 in principal of capital appreciation bonds from repayment offset by accretions, \$1,921 in unearned

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revenues mainly due to reduced custom work deposits, \$1,162 in workers' compensation based on actuarial estimates, \$742 in general liability based on actuarial report, and \$617 in pollution remediation liability due to additional expenditures incurred in the current year for the Lake Merced and 17th and Folsom sites (see Note 15(d) for details).

Deferred inflows of resources decreased by \$647 due to a \$2,211 decrease in OPEB obligations, offset by a \$1,564 increase relating to pensions based on actuarial report.

Water Net Position, Fiscal Year 2019

For the year ended June 30, 2019, the Water Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$542,138. Total net position increased from prior year by \$52,614 or 10.7% (see Table 1A). The increase in net position was the result of an increase of \$39,833 in assets and deferred outflows of resources, coupled with a decrease of \$12,781 in liabilities and deferred inflows of resources.

Current and other assets primarily is comprised of restricted and unrestricted balances of cash, receivables for water deliveries and services, interfund receivables due from other governmental agencies, and inventory. This also includes receivables, which represent cumulative amounts due from the wholesale customers to match revenues with the Water Enterprise's costs of providing service (the Balancing Account), in accordance with the provisions set forth in the WSA effective July 1, 2009. Balances are applied to future year rates. As of June 30, 2019, the Water Enterprise owed the wholesale customers \$64,829, which was mainly due to lower water demand by the wholesale customers. This amount was recorded as a liability in accordance with the 2009 agreement. See Note 10, Water Supply Agreement, for additional details.

During the fiscal year 2019, current and other assets decreased by \$71,821 or 10.6%. The decreases included \$74,244 in restricted and unrestricted cash and investments mainly due to debt principal and interest repayments and capital projects spending, \$693 in restricted interest receivables mainly due to lower cash balances in capital projects funds, \$214 in state grants collections relating to high efficiency toilet installation projects, \$135 in inventory from more issuances than purchases during the fiscal year. These decreases were offset by increases of \$1,355 in interest receivable from higher interest rates, \$1,050 in prepaid charges, advances and other receivables mainly due to increases in prepaid charges for rents, software licenses and other costs, \$714 in charges for services receivable due to an increase in billing rates, and \$346 mainly due from the Department of Public Works for Mission Bay South, Hunters View and Transbay Folsom custom work projects.

Capital assets, net of accumulated depreciation and amortization, increased by \$125,425 or 2.4% from construction and capital improvement activities. The largest portion of the Water Enterprise's net position of \$563,457 or 105.4% represents net investment in capital assets (see Capital Assets section of the MDA for more information), which increased by \$58,981 or 11.7% from prior year's \$504,476; as explained by a \$125,425 increase in capital assets in buildings, structures, and improvements and construction in progress, offset by a \$66,444 increase in liabilities related to capital assets mainly due to issuance of commercial paper. Deferred outflows of resources decreased by \$13,771 due to an \$11,194 decrease from amortization of bond refunding loss, and \$6,597 decrease from pensions based on actuarial report, offset by a \$4,020 increase in other post-employment benefits obligations (OPEB) based on actuarial report.

Total liabilities decreased by \$44,763 or 0.8% which is explained by decreases of \$107,903 in principal of revenue bonds, capital appreciation bonds and certificates of participation mainly due to principal repayments, \$33,574 in net pension liability based on actuarial report, \$16,897 in restricted and

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unrestricted payables mainly from lower WSIP project activities, \$15,565 in other post-employment benefits obligations from actuarial assumptions, \$1,893 in general liability based on actuarial report, \$621 in workers' compensation based on actuarial estimates, \$481 in interest payable, \$303 in accrued payroll, vacation and sick leave, \$117 in pollution remediation liability mainly for the Lake Merced and 17th and Folsom sites (see Note 15(d) for details), and \$96 payment to the Department of Public Works for road structure support projects. These decreases were offset by increases of \$121,024 in commercial paper from additional issuances, \$8,963 in the Wholesale Balancing Account (see Note 10), and \$2,700 in unearned revenues mainly from BAWSCA bond surcharge.

Deferred inflows of resources increased by \$31,982 due to a \$18,267 increase relating to pension, and a \$13,715 increase in OPEB obligations based on actuarial report.

The following table summarizes Wastewater's changes in net position.

Table 1B
Proprietary Fund – Wastewater
Comparative Condensed Net Position
June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Total assets:					
Current and other assets	\$ 473,620	821,796	268,983	(348,176)	552,813
Capital assets, net of accumulated depreciation and amortization	<u>3,062,288</u>	<u>2,721,804</u>	<u>2,491,126</u>	<u>340,484</u>	<u>230,678</u>
Total assets	<u>3,535,908</u>	<u>3,543,600</u>	<u>2,760,109</u>	<u>(7,692)</u>	<u>783,491</u>
Deferred outflows of resources:					
Unamortized loss on refunding of debt	189	326	500	(137)	(174)
Pensions	30,422	26,886	29,984	3,536	(3,098)
Other post-employment benefits	<u>10,065</u>	<u>4,669</u>	<u>3,264</u>	<u>5,396</u>	<u>1,405</u>
Total deferred outflows of resources	<u>40,676</u>	<u>31,881</u>	<u>33,748</u>	<u>8,795</u>	<u>(1,867)</u>
Liabilities:					
Current liabilities:					
Revenue bonds	23,240	22,085	21,010	1,155	1,075
Certificates of participation	747	711	676	36	35
Commercial paper	207,939	291,498	262,859	(83,559)	28,639
State revolving fund loans	2,458	1,239	296	1,219	943
Other liabilities	<u>148,585</u>	<u>101,156</u>	<u>98,185</u>	<u>47,429</u>	<u>2,971</u>
Subtotal current liabilities	<u>382,969</u>	<u>416,689</u>	<u>383,026</u>	<u>(33,720)</u>	<u>33,663</u>
Long-term liabilities:					
Revenue bonds	1,598,493	1,630,524	998,136	(32,031)	632,388
Certificates of participation	26,112	26,892	27,645	(780)	(753)
State revolving fund loans	86,091	86,793	22,311	(702)	64,482
Other liabilities	<u>168,906</u>	<u>164,316</u>	<u>181,241</u>	<u>4,590</u>	<u>(16,925)</u>
Subtotal long-term liabilities	<u>1,879,602</u>	<u>1,908,525</u>	<u>1,229,333</u>	<u>(28,923)</u>	<u>679,192</u>
Total liabilities:					
Revenue bonds	1,621,733	1,652,609	1,019,146	(30,876)	633,463
Certificates of participation	26,859	27,603	28,321	(744)	(718)
Commercial paper	207,939	291,498	262,859	(83,559)	28,639
State revolving fund loans	88,549	88,032	22,607	517	65,425
Other liabilities	<u>317,491</u>	<u>265,472</u>	<u>279,426</u>	<u>52,019</u>	<u>(13,954)</u>
Total liabilities	<u>2,262,571</u>	<u>2,325,214</u>	<u>1,612,359</u>	<u>(62,643)</u>	<u>712,855</u>
Deferred inflows of resources:					
Related to pensions	16,892	16,157	7,277	735	8,880
Other post-employment benefits	<u>4,185</u>	<u>4,967</u>	<u>96</u>	<u>(782)</u>	<u>4,871</u>
Total deferred inflows of resources	<u>21,077</u>	<u>21,124</u>	<u>7,373</u>	<u>(47)</u>	<u>13,751</u>
Net position:					
Net investment in capital assets	1,183,288	1,133,662	1,172,623	49,626	(38,961)
Restricted for debt service	1,227	1,279	1,312	(52)	(33)
Restricted for capital projects	-	18,505	-	(18,505)	18,505
Unrestricted	<u>108,421</u>	<u>75,697</u>	<u>190</u>	<u>32,724</u>	<u>75,507</u>
Total net position	<u>\$ 1,292,936</u>	<u>1,229,143</u>	<u>1,174,125</u>	<u>63,793</u>	<u>55,018</u>

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Wastewater Net Position, Fiscal Year 2020

For the year ended June 30, 2020, the Wastewater Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,292,936. The Wastewater Enterprise's total net position increased by \$63,793 or 5.2% as a result of increases of \$49,626 in net investment in capital assets and \$32,724 in unrestricted net position, offset by decreases of \$18,505 in restricted for capital projects and \$52 in restricted for debt service (see Table 1B).

During the fiscal year 2020, current and other assets decreased by \$348,176 or 42.4%. The decrease was mainly due to a decrease of \$309,289 in restricted and unrestricted cash and investments mainly due to increased spending for the Sewer System Improvement Program (SSIP) and debt principal and interest repayment. Other decreases included \$39,043 in receivables from the State Water Resources Control Board (SWRCB) consisting of \$36,152 in cash receipts for disbursements claim relating to the Southeast Plant (SEP) 521/522 and Disinfection Upgrade Project, \$1,508 unreimbursed State Revolving Fund (SRF) claim, and \$1,383 in cash receipts for the retention balance relating to the Stormwater Flood Management projects. The other decreases included \$3,313 in restricted and unrestricted interest and other receivable due to lower cash balance in pooled cash fund, \$30 in custom work interfund receivables mainly due to collection from the Department of Public Works (DPW) for the Mission Bay South and Hunters Point Projects, and \$21 in charges for services. These decreases in current and other assets were offset by increases of \$3,265 in reimbursement receivables from SWRCB for the SEP 521/522 and Disinfection Upgrade and Lake Merced projects, \$192 in inventory as there were more purchases than issuances during the year and \$63 in prepaid charges.

Capital assets, net of accumulated depreciation and amortization, increased by \$340,484 or 12.5% reflecting an increase in construction and capital improvement activities. The largest portion of the Wastewater Enterprise's net position of \$1,183,288 or 91.5%, represents net investment in capital assets (see Capital Assets section of the MDA for more information). Deferred outflows of resources increased by \$8,795 mainly due to increases of \$5,396 in other post-employment benefits and \$3,536 in pensions based on actuarial report offset by \$137 in amortization of the 2013 Series A bonds loss on refunding.

Total liabilities decreased by \$62,643 or 2.7%. As of June 30, 2020, total outstanding balance of \$1,945,080 for revenue bonds payable, commercial paper, certificates of participation, and SRF loans represented 86.0% of total liabilities, a decrease of \$114,662 or 5.6%. The decrease was mainly due to \$111,984 in debt repayments, \$8,824 in amortization of premium during the year, and \$1,508 loan reduction for the SRF SEP 521/522 and Disinfection Upgrade unreimbursed disbursements claim, offset by \$4,390 additional commercial paper issuance and \$3,264 SRF loan to fund for the SEP 521/522 and Disinfection Upgrade and Lake Merced projects. Other liabilities of \$317,491 such as payables to vendors, contractors, and other government agencies for goods and services under contractual agreements, increased by \$52,019 or 19.6%, due to increases of \$44,336 in restricted and unrestricted payable to vendors and contractors due to higher capital project spending, \$4,616 in other post-employment benefits obligations based on actuarial report, \$2,632 in employee related benefits including vacation, workers' compensation, and accrued payroll mainly due to actuarial estimates, 3% increase of cost of living adjustment (COLA), and more days in current year-end accrual compared to prior year-end accrual, \$1,198 in net pension liability based on actuarial report, \$621 in customer credit balances mainly due to overpayments, \$300 in pollution remediation liability due to increased estimated cleanup liabilities for the toxic sediments at Yosemite Creek, and \$1 interfund payable to City Attorney's Office. These increases were offset by decreases of \$1,070 in bond and loan interest payable due to lower outstanding debt principal, \$477 in general liability based on actuarial estimates, \$107 in payable to Hetch Hetchy Power due to payment for the 525 Golden Gate Living Machine System, and \$31 decrease in deposit from Pacific Gas & Electric due to expenses incurred for the Cross Bore Project. Deferred inflows of resources decreased by

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\$47 due to \$782 decrease in other post-employment benefits based on actuarial report offset by \$735 increase in pensions based on actuarial report.

Wastewater Net Position, Fiscal Year 2019

For the year ended June 30, 2019, the Wastewater Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,229,143. The Wastewater Enterprise's total net position increased by \$55,018 or 4.7% as a result of increases of \$75,507 in unrestricted net position and \$18,505 in restricted for capital projects, offset by decreases of \$38,961 in net investment in capital assets and \$33 in restricted for debt service (see Table 1B).

During the fiscal year 2019, current and other assets increased by \$552,813 or 205.5%. The increases included \$523,491 in restricted and unrestricted cash and investment mainly due to debt issuance of 2018 Series ABC revenue bonds offset by debt principal and interest repayment and Sewer System Improvement Program (SSIP) related capital projects spending, \$21,795 in grant receivables mainly from the State Water Resources Control Board (SWRCB) consisting \$37,660 for the Southeast Plant (SEP) 521/522 and Disinfection Upgrade Project and \$23 for stormwater flood management projects, offset by \$15,888 in cash receipts from the SWRCB for the North Point and Lake Merced projects, \$4,845 in restricted and unrestricted interest and other receivable due to higher cash balance in pooled cash fund and higher annualized interest rates, \$2,384 in charges for services due to a 7% planned rate increase, \$202 in inventory as there were more purchases than issuances during the year, and \$104 in custom work interfund receivables mainly due from the Department of Public Works (DPW) for the Mission Bay South and Hunters Point Projects. These increases were offset by a decrease of \$8 in prepaid charges.

Capital assets, net of accumulated depreciation and amortization, increased by \$230,678 or 9.3% reflecting an increase in construction and capital improvement activities. The largest portion of the Wastewater Enterprise's net position of \$1,133,662 or 92.2%, represents net investment in capital assets (see Capital Assets section of the MDA for more information). Deferred outflows of resources decreased by \$1,867 mainly due to decreases of \$3,098 in pensions based on actuarial report and \$174 in unamortized loss on refunding of the 2013 Series A bonds, offset by \$1,405 increase in other post-employment benefits based on actuarial report.

Total liabilities increased by \$712,855 or 44.2%. As of June 30, 2019, total outstanding balance of \$2,059,742 for revenue bonds payable, commercial paper, certificates of participation, and State Revolving Fund (SRF) loans represented 88.6% of total liabilities, an increase of \$726,809 or 54.5%. The increase was mainly due to \$663,103 issuance of revenue bonds Series 2018 ABC, \$66,850 in SRF loans to fund capital project spending, and \$53,639 issuance of commercial paper to fund capital projects, offset by \$48,111 in debt repayments, and \$8,672 in amortization of premium during the year. Other liabilities of \$265,472 such as payables to vendors, contractors, and other government agencies for goods and services under contractual agreements, decreased by \$13,954 or 5.0%, due to decreases of \$15,936 in net pension liability based on actuarial report, \$5,950 in other post-employment benefits obligations based on actuarial report, \$5,737 in restricted and unrestricted payable to vendors and contractors due to more payments than vouchers, \$114 deposit from Pacific Gas & Electric due to expenses incurred for the Cross Bore Project, \$106 to Hetch Hetchy Power due to payment for the 525 Golden Gate Living Machine System, \$34 in prepaid rent from tenants, and \$14 in grant advance recognized to revenue in current year for the Green Infrastructure Leadership. These decreases were offset by increases of \$6,958 in bond and loan interest payable due to higher outstanding debt principal, \$2,797 in pollution remediation liability due to increased estimated cleanup liabilities of \$3,000 for the toxic sediments at Yosemite Creek, offset by \$203 payment for paving surrounding soils due to contamination of hazardous materials at Southeast Plant, \$2,302 in general liability based on actuarial estimates, \$1,250 in employee related benefits including vacation, workers' compensation, and accrued payroll mainly due to actuarial estimate and 3% increase of

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cost of living adjustment (COLA), and \$630 in customer credit balances. Deferred inflows of resources increased by \$13,751, of which \$8,880 in relation to pensions based on actuarial report and \$4,871 in other post-employment benefits based on actuarial report.

The following table summarizes Hetchy Water's changes in net position.

Table 1C - A
Proprietary Fund - Hetchy Water
Comparative Condensed Net Position
June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Total assets:					
Current and other assets	\$ 92,711	94,432	97,578	(1,721)	(3,146)
Capital assets, net of accumulated depreciation and amortization	160,782	149,103	139,799	11,679	9,304
Total assets	<u>253,493</u>	<u>243,535</u>	<u>237,377</u>	<u>9,958</u>	<u>6,158</u>
Deferred outflows of resources:					
Pensions	7,950	6,447	7,488	1,503	(1,041)
Other post-employment benefits	2,332	1,343	870	989	473
Total deferred outflows of resources	<u>10,282</u>	<u>7,790</u>	<u>8,358</u>	<u>2,492</u>	<u>(568)</u>
Liabilities:					
Current liabilities	6,769	6,726	8,978	43	(2,252)
Long-term liabilities	40,441	38,123	43,123	2,318	(5,000)
Total liabilities	<u>47,210</u>	<u>44,849</u>	<u>52,101</u>	<u>2,361</u>	<u>(7,252)</u>
Deferred inflows of resources:					
Related to pensions	4,335	3,874	1,818	461	2,056
Other post-employment benefits	1,195	1,429	26	(234)	1,403
Total deferred inflows of resources	<u>5,530</u>	<u>5,303</u>	<u>1,844</u>	<u>227</u>	<u>3,459</u>
Net position:					
Net investment in capital assets	160,782	149,103	139,799	11,679	9,304
Restricted for capital projects	6,513	8,401	11,712	(1,888)	(3,311)
Unrestricted	43,740	43,669	40,279	71	3,390
Total net position	<u>\$ 211,035</u>	<u>201,173</u>	<u>191,790</u>	<u>9,862</u>	<u>9,383</u>

Hetchy Water Net Position, Fiscal Year 2020

Hetchy Water's net position of \$211,035 increased by \$9,862 or 4.9% resulting from an increase of \$12,450 in total assets and deferred outflows of resources, offset by an increase of \$2,588 in total liabilities and deferred inflows of resources (see Table 1C-A). Decrease of \$1,721 in current and other assets was attributed to decreases of \$1,166 in cash and investment with City Treasury mainly due to reduced project spending, \$336 in State grant receivable mainly from reimbursement related to disaster emergency recoveries for the Lower Cherry Aqueduct Project, \$308 in interest receivables due to lower annualized interest rate, \$50 decrease in charges for services receivables mainly due to lower consumption from Lawrence Livermore National Laboratory, and \$11 decrease in inventory due to more issuance than purchase during the fiscal year. The decrease was offset by increases of \$104 in due from the City Attorney's Office for legal services, and \$46 in prepaid charges, advances, and other receivables, of which \$448 in pending Rim Fire insurance recoveries and \$36 in rental receivables; offset by decreases of \$434 in vendor prepayment mainly for Don Pedro Reservoir operating license and \$4 in amortization of the advance paid to the Recreation and Parks Department for the Civic Center Garage.

Capital assets, net of accumulated depreciation and amortization, increased by \$11,679 or 7.8% to \$160,782 primarily due to additions of facilities, improvements, machinery, and equipment. Deferred

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outflows of resources increased by \$2,492 due to increases of \$1,503 in pensions and \$989 in other post-employment benefits (OPEB) based on actuarial reports.

Hetchy Water's total liabilities increased by \$2,361 or 5.3% to \$47,210, as explained by increases of \$1,087 in net pension liability based on actuarial report, \$946 in OPEB obligations based on actuarial assumptions, \$450 in employee related benefits including workers' compensation, vacation, sick leave and accrued payroll mainly due to more days in current year-end payroll accrual when compared to prior year, coupled with a 3% increase of cost of living adjustment (COLA), \$334 in general liability based on actuarial estimates, \$240 in payable due to the City Attorney's Office for unbilled legal services, and \$4 in unearned revenue mainly due to \$7 increase in rental deposits, offset by a decrease of \$3 in sales tax payables. The increases were offset by a decrease of \$700 in restricted and unrestricted payables to vendors and contractors due to lower capital spending.

Deferred inflows of resources increased by \$227 due to an increase of \$461 related to pensions, offset by a decrease of \$234 in OPEB based on actuarial reports.

Hetchy Water Net Position, Fiscal Year 2019

Hetchy Water's net position of \$201,173 increased by \$9,383 or 4.9% resulting from increases of \$5,590 in total assets and deferred outflows of resources, and \$3,793 decreases in total liabilities and deferred inflows of resources (see Table 1C-A). Decrease in current and other assets of \$3,146 was attributed to \$6,315 decrease in cash and investment with City Treasury due primarily to increase in operating and capital project spending, and \$4 in prepaid charges, advances, and other receivables, of which \$7 in payment from prior year Rim Fire insurance reimbursement, and \$4 in advance paid to the Recreation and Parks Department for the Civic Center Garage, offset by increases of \$4 in vendor prepayments, \$2 in payroll credit, and \$1 in rental receivables. The decreases were offset by increases of \$2,858 in State grants receivables for the Lower Cherry Aqueduct Project and 2018 Moccasin Storm Project, \$252 in restricted and unrestricted interest receivables due to higher annualized interest rates, \$51 in charges for services receivables mainly from Lawrence Livermore National Laboratory due to pending collection, and \$12 in inventory due to more purchase than issuance.

Capital assets, net of accumulated depreciation and amortization, increased by \$9,304 or 6.7% to \$149,103 primarily from construction and capital improvement activities. Deferred outflows of resources decreased by \$568, due to a decrease of \$1,041 in pensions based on actuarial report, offset by an increase of \$473 in OPEB based on actuarial report.

Hetchy Water's total liabilities decreased by \$7,252 or 13.9% to \$44,849, as explained by decreases of \$4,826 in pension liability based on actuarial report, \$2,276 in restricted and unrestricted payables to vendors and contractors, \$468 in OPEB obligations based on actuarial assumptions, and \$9 in general liability based on actuarial estimates, offset by increases of \$321 in employee related benefits including workers' compensation, vacation, sick leave and accrued payroll based on actuarial estimates and 3% increase of COLA, and \$6 in unearned revenue included \$3 in sales tax payables, \$2 in customers' prepayments from charges for services, and \$1 in rental prepayment. Deferred inflows of resources increased by \$3,459, due to increases of \$2,056 in related to pensions and \$1,403 in OPEB based on actuarial reports.

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The following table summarizes Hetchy Power's changes in net position.

Table 1C - B					
Proprietary Fund - Hetchy Power					
Comparative Condensed Net Position					
June 30, 2020, 2019, and 2018					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u>	<u>2019 - 2018</u>
				<u>Change</u>	<u>Change</u>
Total assets:					
Current and other assets*	\$ 228,845	239,222	238,023	(10,377)	1,199
Capital assets, net of accumulated depreciation and amortization	445,429	401,528	339,623	43,901	61,905
Total assets	<u>674,274</u>	<u>640,750</u>	<u>577,646</u>	<u>33,524</u>	<u>63,104</u>
Deferred outflows of resources:					
Pensions	9,716	7,879	9,152	1,837	(1,273)
Other post-employment benefits	2,850	1,641	1,064	1,209	577
Total deferred outflows of resources	<u>12,566</u>	<u>9,520</u>	<u>10,216</u>	<u>3,046</u>	<u>(696)</u>
Liabilities:					
Current liabilities:					
Bonds	2,115	2,528	2,480	(413)	48
Certificates of participation	384	366	348	18	18
Commercial paper	63,535	50,724	20,280	12,811	30,444
Other liabilities	33,218	28,346	30,935	4,872	(2,589)
Subtotal current liabilities	<u>99,252</u>	<u>81,964</u>	<u>54,043</u>	<u>17,288</u>	<u>27,921</u>
Long-term liabilities:					
Bonds	47,693	50,018	52,761	(2,325)	(2,743)
Certificates of participation	13,444	13,846	14,233	(402)	(387)
Other liabilities	54,085	52,247	57,946	1,838	(5,699)
Subtotal long-term liabilities	<u>115,222</u>	<u>116,111</u>	<u>124,940</u>	<u>(889)</u>	<u>(8,829)</u>
Total liabilities:					
Bonds	49,808	52,546	55,241	(2,738)	(2,695)
Certificates of participation	13,828	14,212	14,581	(384)	(369)
Commercial paper	63,535	50,724	20,280	12,811	30,444
Other liabilities	87,303	80,593	88,881	6,710	(8,288)
Total liabilities	<u>214,474</u>	<u>198,075</u>	<u>178,983</u>	<u>16,399</u>	<u>19,092</u>
Deferred inflows of resources:					
Related to pensions	5,298	4,734	2,222	564	2,512
Other post-employment benefits	1,461	1,746	31	(285)	1,715
Total deferred inflows of resources	<u>6,759</u>	<u>6,480</u>	<u>2,253</u>	<u>279</u>	<u>4,227</u>
Net position:					
Net investment in capital assets	322,204	301,534	270,918	20,670	30,616
Restricted for debt service	142	1,145	834	(1,003)	311
Unrestricted	143,261	143,036	134,874	225	8,162
Total net position	<u>\$ 465,607</u>	<u>445,715</u>	<u>406,626</u>	<u>19,892</u>	<u>39,089</u>

* Included \$1,800, \$3,731 and \$5,601 working capital loan to CleanPowerSF in fiscal years 2020, 2019 and 2018, respectively.

Hetchy Power Net Position, Fiscal Year 2020

Hetchy Power's net position of \$465,607 increased by \$19,892 or 4.5% resulting from an increase of \$36,570 in total assets and deferred outflows of resources, offset by an increase of \$16,678 in total liabilities and deferred inflows of resources (see Table 1C-B). Current and other assets decreased by \$10,377 or 4.3%, of which \$8,184 decrease in cash and investment with/outside City Treasury due primarily to increase in operating and capital spending. Charges for services receivable decreased by \$2,837 due to decreases of \$1,138 in billings, \$1,127 in lower year-end accrual for California Independent System Operator (CAISO) Congestion Revenue Right (CRR) credits as related to prior year, and \$572 increase in allowance for uncollectible due to higher past due balances as a result of the Mayor's

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emergency declaration that Hetch Hetchy temporary suspended collection procedures for past due accounts to help customers with financial hardship due to COVID-19. Prepaid charges, advances, and other receivables decreased by \$1,379 due to payment of \$2,209 billing credits from Western Area Power Administration, and \$13 in amortization of the advance paid to the Recreation and Parks Department for the Civic Center Garage, offset by increases of \$615 in receivables for the Distributed Antenna System (DAS) program due to higher billings, \$173 in vendor prepayment for license and permit fees, \$44 in rental receivables, and \$11 in custom work receivables for the Sunnysdale Housing Projects. Interest receivables decreased by \$800 due to lower annualized interest rate. These decreases were offset by an increase of \$1,588 in due from other City departments, of which \$3,981 was a receivable from the Treasure Island Development Authority (TIDA) in connection of an upgraded submarine power cable for the Treasure Island to increase service capacity and \$331 from the City Attorney's Office for legal services; offset by repayments of \$2,000 from CleanPowerSF for working capital loan net of accrued interest of \$69, \$506 for the Sustainable Energy Account, \$108 from the Wastewater Enterprise for the Living Machine System, \$105 from the Recreation and Parks Department for Energy Efficiency Projects, and \$74 from the Department of Public Works for Hunters Point Shipyard Development and Transbay Folsom Street Improvement custom work projects. State and Federal grants receivables increased by \$1,043 due to disaster emergency recoveries for the 2018 Moccasin Storm Project, Early Intake Switchyard Project and Rim Fire Project, and \$192 increase in inventory due to more purchase than issuance during the fiscal year.

Capital assets, net of accumulated depreciation and amortization, increased by \$43,901 or 10.9% to \$445,429 primarily from construction and capital improvement activities. Deferred outflows of resources increased by \$3,046 due to increases of \$1,837 in pensions and \$1,209 in other post-employment benefits (OPEB) based on actuarial reports.

Hetchy Power's total liabilities of \$214,474 increased by \$16,399 or 8.3%. As of June 30, 2020, outstanding debts increased by \$9,689 and was attributable to \$12,811 in commercial paper issuance for Hetchy Power facilities, offset by decreases of \$2,894 in bonds and certificates of participation principal repayments and \$228 in amortization of premium and discount. Other liabilities of \$87,303, such as payables to vendors, contractors, and other government agencies for goods and services under contractual agreements, increased by \$6,710 or 8.3%, mainly attributable to increases of \$3,239 in restricted and unrestricted payables to vendors and contractors due to higher capital spending, \$1,329 in net pension liability based on actuarial report, \$1,157 in OPEB obligations based on actuarial assumptions, \$747 in employee related benefits including workers' compensation, vacation, sick leave and accrued payroll mainly due to more days in current year-end payroll accrual when compared to prior year, coupled with a 3% increase of COLA, \$250 increase in due to other City departments, including \$231 to the City Attorney's Office for unbilled legal services and \$19 to the Port of San Francisco for Pier 70 Shoreside Power Project, and \$169 in general liability based on actuarial estimates. These increases were offset by a decrease of \$147 in unearned revenue, of which \$446 in customer deposits from retail and commercial customers and \$74 in sales tax, utility, and electric energy surcharge tax payables, offset by increases of \$360 in deposits from custom work projects, \$11 in prepayments for the DAS program, and \$2 from prepaid rent. Interest payable decreased by \$34 due to lower bond and loan outstanding.

Deferred inflows of resources increased by \$279 due to a \$564 increase in pensions, offset by a decrease of \$285 in OPEB based on actuarial reports.

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Hetchy Power Net Position, Fiscal Year 2019

Hetchy Power's net position of \$445,715 increased by \$39,089 or 9.6% resulting from an increase of \$62,408 in total assets and deferred outflows of resources, offset by an increase of \$23,319 in total liabilities and deferred inflows of resources (see Table 1C-B). Current and other assets increased by \$1,199 or 0.5%. Prepaid charges, advances, and other receivables increased by \$2,512, of which \$2,209 billing credits from Western Area Power Administration, \$278 in receivables for DAS, \$91 in vendor prepayments, \$15 in payroll credit, \$5 in custom work receivables for the Sunnysdale Housing Projects, and \$1 in rental receivables, offset by decreases of \$74 payment from prior year Rim Fire insurance reimbursement, and \$13 in advance paid to the Recreation and Parks Department for the Civic Center Garage. Other increases included \$1,202 in inventory due to recognition of the in-city warehouses, \$733 in restricted and unrestricted interest receivables due to higher annualized interest rates, \$579 in cash and investment with City Treasury and outside City Treasury, and \$394 in grants receivables from State and Federal mainly for the Early Intake Switchyard Project. The increases were offset by decreases of \$2,752 in due from other City departments due to repayments of \$1,870 from CleanPowerSF for working capital loan net of interest, \$685 from Sustainable Energy Account, \$106 from the Wastewater Enterprise for the Living Machine System, and \$105 from Recreation and Parks Department for energy efficiency projects, offset by an increase of \$14 in custom work receivables from the Department of Public Works for Hunters Point Shipyard Projects. Charges for service receivables decreased by \$1,469 mainly due to higher collections from retail customers.

Capital assets, net of accumulated depreciation and amortization, increased by \$61,905 or 18.2% to \$401,528 primarily from construction and capital improvement activities. Deferred outflows of resources decreased by \$696, due to a decrease of \$1,273 in pensions based on actuarial report, offset by an increase of \$577 in OPEB based on actuarial report.

Hetchy Power's total liabilities of \$198,075 increased by \$19,092 or 10.7%. As of June 30, 2019, outstanding debts increased by \$27,380 was attributable to an increase of \$30,444 in additional Hetchy Power commercial paper issuance; offset by \$2,828 in principal repayments, and \$236 in amortization of premium and discount.

Other liabilities of \$80,593, such as payables to vendors, contractors, and other government agencies for goods and services under contractual agreements, decreased by \$8,288 or 9.3%, mainly attributable to \$5,899 in pension liability based on actuarial report, \$2,019 in unearned revenues, \$574 in OPEB obligations based on actuarial assumptions, \$513 in payables to vendors and contractors, and \$180 in general liability based on actuarial estimates, offset by increases of \$530 in employee related benefits including workers' compensation, vacation, sick leave and accrued payroll based on actuarial estimates and 3% increase of COLA, \$350 increase in payable due to the Port of San Francisco for power rebate, and \$17 in interest payables mainly due to higher commercial paper outstanding. Decrease of \$2,019 in unearned revenues included \$2,257 billing true up for MID in prior year, and \$952 in customer deposits from retail and commercial customers; offset by increases of \$536 in utility and electric energy surcharge tax payables, \$382 in prepayment for DAS, \$271 in additional deposits for custom work projects, and \$1 in rental prepayment.

Deferred inflows of resources increased by \$4,227, of which \$2,512 was related to pensions and \$1,715 in OPEB based on actuarial reports.

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The following table summarizes CleanPowerSF's changes in net position.

Table 1C - C
Proprietary Fund - CleanPowerSF
Comparative Condensed Net Position
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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Total assets:					
Current and other assets	\$ 121,879	63,044	20,263	58,835	42,781
Total assets	<u>121,879</u>	<u>63,044</u>	<u>20,263</u>	<u>58,835</u>	<u>42,781</u>
Deferred outflows of resources:					
Pensions	572	339	323	233	16
Other post-employment benefits	270	108	40	162	68
Total deferred outflows of resources	<u>842</u>	<u>447</u>	<u>363</u>	<u>395</u>	<u>84</u>
Liabilities:					
Current liabilities	24,991 *	17,056	4,252	7,935	12,804
Long-term liabilities	4,171	6,116 *	7,434 *	(1,945)	(1,318)
Total liabilities	<u>29,162</u>	<u>23,172</u>	<u>11,686</u>	<u>5,990</u>	<u>11,486</u>
Deferred inflows of resources:					
Related to pensions	1,210	203	79	1,007	124
Other post-employment benefits	1,211	115	1	1,096	114
Total deferred inflows of resources	<u>2,421</u>	<u>318</u>	<u>80</u>	<u>2,103</u>	<u>238</u>
Net position:					
Unrestricted	91,138	40,001	8,860	51,137	31,141
Total net position	<u>\$ 91,138</u>	<u>40,001</u>	<u>8,860</u>	<u>51,137</u>	<u>31,141</u>

* Included \$1,800, \$3,731 and \$5,601 working capital loan from Hetchy Power in fiscal years 2020, 2019 and 2018, respectively.

CleanPowerSF Net Position, Fiscal Year 2020

CleanPowerSF's net position of \$91,138 increased by \$51,137 or 127.8%, resulting from an increase of \$59,230 in total assets and deferred outflows of resources, offset by an increase of \$8,093 in total liabilities and deferred inflows of resources (see Table 1C-C). Increase in total assets was \$58,835 due to \$58,678 in cash and investment with City Treasury from higher electricity sales, \$216 in prepaid charges, advances, and other receivables mainly due to higher vendor prepayments for purchased electricity, and \$18 increase in interest receivable due to higher average cash balance. Charges for services receivables decreased by \$77 due to increase of \$1,225 in allowance for uncollectible attributable to higher past due balances as a result of the Mayor's emergency declaration that Hetch Hetchy temporary suspended collection procedures for past due accounts to help customers with financial hardship due to COVID-19, offset by \$1,148 increase in billings from higher consumption.

Deferred outflows of resources increased by \$395 due to increases of \$233 in pensions and \$162 in OPEB based on actuarial reports.

Total liabilities of \$29,162 increased by \$5,990 or 25.9%, which was explained by \$5,696 in payables to vendors and contractors for goods and services under contractual agreements as a result of higher power purchases, \$955 in OPEB obligations based on actuarial assumptions, \$735 in net pension liability based on actuarial report, \$306 in unearned revenue, of which \$306 from net energy metering credits to retail and commercial customers, and \$13 from utility and electric energy surcharge tax payables, offset by a decrease of \$13 from customers' prepayments. Employee related benefits including vacation, sick leave and accrued payroll increased by \$121 mainly due to more days in current year-end payroll accrual when compared to prior year, coupled with a 3% increase of COLA. General liability increased by \$99 based on actuarial estimates. The increases were offset by a decrease of \$1,922 in due to other City departments,

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including \$2,000 working capital loan repayment to Hetchy Power, net of \$69 accrued interest, and \$9 to City Attorney's Office for unbilled legal services.

Deferred inflows of resources increased by \$2,103 due to a \$1,096 increase in OPEB and a \$1,007 increase in pensions based on actuarial reports.

CleanPowerSF Net Position, Fiscal Year 2019

CleanPowerSF's net position of \$40,001 increased by \$31,141 or 351.5%, resulting from an increase of \$42,865 in total assets and deferred outflows of resources, offset by an increase of \$11,724 in total liabilities and deferred inflows of resources (see Table 1C-C). Total assets increased by \$42,781 over the prior year. Charges for services receivables increased by \$29,418 from higher electricity sales mainly due to completion of citywide full enrollment, \$13,119 in cash and investment with City Treasury due to higher collection from electricity sales, \$138 in interest receivables due to higher annualized interest rates, and \$106 increase in prepaid charges, advances, and other receivables due to increases of \$373 in receivable of refund from purchased electricity and \$1 in payroll credit, offset by a decrease of \$268 in vendor prepayments.

Deferred outflows of resources increased by \$84 due to an increase of \$68 in OPEB based on actuarial report and \$16 in pensions based on actuarial report.

Total liabilities of \$23,172 increased by \$11,486 or 98.3% included \$12,130 in restricted and unrestricted payables to vendors and contractors for goods and services under contractual agreements as a result of higher power purchases, \$514 in OPEB obligations based on actuarial assumptions, and \$469 in unearned revenue, of which \$190 from utility and electric energy surcharge tax payables, \$160 from net energy metering credits to retail and commercial customers, and \$119 from customers' prepayments. Employee related benefits including vacation, sick leave and accrued payroll increased by \$253 due to higher employment as a result of program growth. General liability increased by \$7 based on actuarial estimates. The increases were offset by decreases of \$1,870 due to working capital loan payment to Hetchy Power, net of accrued interest, and \$17 in net pension liability based on actuarial report.

Deferred inflows of resources increased by \$238 due to increases of \$124 in related to pensions and \$114 in OPEB based on actuarial reports.

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Results of Operations

Department-wide Business Type Activities

The following table summarizes the department-wide revenues, expenses, and changes in net position. Detailed discussion follows for each proprietary fund.

Table 2
Business Type Activities
Comparative Condensed Activities
Years ended June 30, 2020, 2019, and 2018

	2020	2019	2018	2020 - 2019 Change	2019 - 2018 Change
Revenues:					
Charges for services	\$ 1,303,411	1,172,573	989,842	130,838	182,731
Rents and concessions	13,135	13,989	13,813	(854)	176
Other operating revenues	32,217	32,296	29,043	(79)	3,253
Interest and investment income	32,103	46,639	11,694	(14,536)	34,945
Net gain from transfer of assets	—	619	—	(619)	619
Other non-operating revenues	129,198	51,864	55,705	77,334	(3,841)
Total revenues	<u>1,510,064</u>	<u>1,317,980</u>	<u>1,100,097</u>	<u>192,084</u>	<u>217,883</u>
Expenses:					
Operating expenses	1,049,402	927,184	806,668	122,218	120,516
Interest expenses	237,271	224,867	192,183	12,404	32,684
Amortization of premium, discount, refunding loss, and issuance costs	(22,627)	(23,722)	(19,188)	1,095	(4,534)
Non-operating expenses	1,652	3,766	4,129	(2,114)	(363)
Total expenses	<u>1,265,698</u>	<u>1,132,095</u>	<u>983,792</u>	<u>133,603</u>	<u>148,303</u>
Change in net position before transfers	<u>244,366</u>	<u>185,885</u>	<u>116,305</u>	<u>58,481</u>	<u>69,580</u>
Transfers from the City and County of San Francisco	15,500	25,722	30,469	(10,222)	(4,747)
Transfers to the City and County of San Francisco	(16,305)	(24,362)	(58,840)	8,057	34,478
Net transfers	(805)	1,360	(28,371)	(2,165)	29,731
Change in net position	<u>243,561</u>	<u>187,245</u>	<u>87,934</u>	<u>56,316</u>	<u>99,311</u>
Net position at beginning of year:					
Beginning of year, as previously reported	2,458,170	2,270,925	2,225,790	187,245	45,135
Cumulative effect of accounting change due to error	—	—	(6,767) **	—	6,767
Cumulative effect of accounting change	—	—	(36,032) *	—	36,032
Beginning of year as restated	<u>2,458,170</u>	<u>2,270,925</u>	<u>2,182,991</u>	<u>187,245</u>	<u>87,934</u>
Net position at end of year	<u>\$ 2,701,731</u>	<u>2,458,170</u>	<u>2,270,925</u>	<u>243,561</u>	<u>187,245</u>

* Cumulative effect of accounting change per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

** The Wastewater Enterprise recorded certain immaterial corrections to the 2018 financial statement to eliminate the recognition of certain capital assets that are recorded by another fund. The impact of the change was to decrease beginning position as of July 2017 by \$6,767 and increase fiscal year 2018 expenses by \$28,313.

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The following table summarizes Water's revenues, expenses, and changes in net position.

Table 2A
Proprietary Fund – Water
Comparative Condensed Activities
Years ended June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Revenues:					
Charges for services	\$ 550,753	509,703	495,138	41,050	14,565
Rents and concessions	12,124	13,010	12,906	(886)	104
Other operating revenues	20,474	19,678	17,595	796	2,083
Interest and investment income	10,517	15,650	6,448	(5,133)	9,202
Other non-operating revenues	94,734	32,399	39,064	62,335	(6,665)
Total revenues	<u>688,602</u>	<u>590,440</u>	<u>571,151</u>	<u>98,162</u>	<u>19,289</u>
Expenses:					
Operating expenses	398,117	357,094	370,147	41,023	(13,053)
Interest expenses	191,246	177,998	164,001	13,248	13,997
Amortization of premium, discount, refunding loss, and issuance costs	(13,752)	(17,788)	(13,540)	4,036	(4,248)
Non-operating expenses	529	1,388	1,920	(859)	(532)
Total expenses	<u>576,140</u>	<u>518,692</u>	<u>522,528</u>	<u>57,448</u>	<u>(3,836)</u>
Change in net position before transfers	<u>112,462</u>	<u>71,748</u>	<u>48,623</u>	<u>40,714</u>	<u>23,125</u>
Transfers from the City and County of San Francisco	1,220	1,200	382	20	818
Transfers to the City and County of San Francisco	(14,805)	(20,334)	(31,368)	5,529	11,034
Net transfers	<u>(13,585)</u>	<u>(19,134)</u>	<u>(30,986)</u>	<u>5,549</u>	<u>11,852</u>
Change in net position	<u>98,877</u>	<u>52,614</u>	<u>17,637</u>	<u>46,263</u>	<u>34,977</u>
Net position at beginning of year:					
Beginning of year, as previously reported	542,138	489,524	501,267	52,614	(11,743)
Cumulative effect of accounting change	—	—	(29,380) *	—	29,380
Beginning of year as restated	<u>542,138</u>	<u>489,524</u>	<u>471,887</u>	<u>52,614</u>	<u>17,637</u>
Net position at end of year	<u>\$ 641,015</u>	<u>542,138</u>	<u>489,524</u>	<u>98,877</u>	<u>52,614</u>

* Cumulative effect of accounting change per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Water Results of Operations, Fiscal Year 2020

The Water Enterprise's total revenues of \$688,602 for the year represented an increase of \$98,162 or 16.6% from prior year (see Table 2A). Increases included \$62,335 from other non-operating revenues, \$41,050 from charges for services, and \$796 from other operating revenues. These increases were offset by decreases of \$5,133 in interest and investment income, and \$886 from rents and concessions.

Charges for services were \$550,753, an increase of \$41,050 or 8.1% due to an adopted rate increase of 8.0% for retail customers beginning July 1, 2019 coupled with a 5.7% increase in consumption by wholesale customers. Rents and concessions were \$12,124, a decrease of \$886 or 6.8% mainly from termination of leases. Other operating revenues were \$20,474, an increase of \$796 or 4.0% due to an 8.0% rate increase offset by a decrease in capacity fee revenues. Interest and investment income were \$10,517, a decrease of \$5,133 or 32.8% due to lower annualized interest rates. Other non-operating revenues were \$94,734, an increase of \$62,335 or 192.4% mainly due to a one-time gain of \$63,600 from the property transfer of 639 Bryant Street for 2000 Marin Street in San Francisco, CA.

The Water Enterprise's total expenses were \$576,140, an increase of \$57,488 or 11.1%. Operating expenses were \$398,117, an increase of \$41,023 or 11.5% due to increases of \$21,413 in depreciation

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and amortization due to additional capital assets placed into service in the prior year, \$8,447 in general administrative and other mainly from reduced capitalization of buildings, structures and improvements and equipment purchases and higher capital project expenses, \$8,349 in personnel services primarily due to cost of living adjustments, pension and OPEB obligations based on actuarial reports, \$1,377 in services provided by other departments mainly from higher water assessment fees paid to Hetch Hetchy Water, \$808 in contractual services mainly from consulting and maintenance services, \$629 in materials and supplies mainly for building and construction supplies. Interest expenses increased by \$13,248 from reduced interest capitalization for capital projects. Amortization of bond premium, discount, refunding loss and issuance costs decreased by \$4,036 due to issuance of 2019 Series ABC revenue bonds which refunded 2010 Series F, 2011 Series A, 2011 Series B, 2011 Series C, and 2012 Series A bonds. Non-operating expenses decreased by \$859 mainly from reduced rebates paid to customers.

Transfers in of \$1,220 were from the General Fund for low income assistance programs and pathway improvements to Miraloma Park. Transfers out of \$14,805 included \$14,000 to Hetch Hetchy Water to fund various upcountry capital projects, \$558 to the Arts Commission for arts enrichment, \$215 to the San Francisco Municipal Transportation Agency for water conservation projects, and \$32 to the Office of the City Administrator for the Surety Bond Program.

Water Results of Operations, Fiscal Year 2019

The Water Enterprise's total revenues of \$590,440 for the year represented an increase of \$19,289 or 3.4% from prior year (see Table 2A). Increases included \$14,565 from charges for services, \$9,202 for interest and investment income, \$2,083 from other operating revenues, and \$104 from rents and concessions. These increases were offset by a decrease of \$6,665 from other non-operating revenues.

Charges for services were \$509,703, an increase of \$14,565 or 2.9% mainly due to an adopted rate increase of 9.0% for retail customers beginning July 1, 2018, offset by a decrease of 2.8% in consumption. Rents and concessions were \$13,010, an increase of \$104 or 0.8% mainly from Consumer Price Index increases. Other operating revenues were \$19,678, an increase of \$2,083 or 11.8% mainly due to a 9.0% adopted rate increase. Interest and investment income was \$15,650, an increase of \$9,202 or 142.7% mainly due to higher interest rates for pooled cash with the City Treasury and unrealized gains on investments. Other non-operating revenues were \$32,399, a decrease of \$6,665 or 17.1% mainly from a prior year settlement received of \$8,250 for the Pacific Rod and Gun Club offset by \$1,500 proceeds received in the current year for sale of land on Burnett Avenue in San Francisco.

The Water Enterprise's total expenses were \$518,692, a decrease of \$3,836 or 0.7%. Operating expenses were \$357,094, a decrease of \$13,053 or 3.5% due to decreases of \$16,701 in personnel services primarily due to pension and OPEB obligations based on actuarial reports, \$2,515 in materials and supplies mainly from prior year obsolete inventory write-offs, and \$416 in contractual services mainly from decreased construction contracts. These decreases were offset by increases of \$2,891 in services provided by other departments mainly due to increased water assessment fees paid to Hetch Hetchy Water and City Attorney legal services, \$2,064 in depreciation due to additional capital assets placed into service, and \$1,624 in general and administrative and other mainly due to lower capitalization of capital projects. Interest expenses increased by \$13,997 due to prior year issuance of 2017 Series ABC and DEFG bonds, and reduced interest capitalization for capital projects. Amortization of bond premium, discount, refunding loss, and issuance costs increased by \$4,248 mainly due to the issuance of bonds in prior year. Non-operating expenses decreased by \$532 from reduced community based organization programs.

Transfers in of \$1,200 were from the General Fund for low income assistance programs. Transfers out of \$20,334 included \$20,000 to Hetch Hetchy Water to fund various upcountry capital projects, \$302 to the

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Arts Commission for arts enrichment, and \$32 to the Office of the City Administrator for the Surety Bond Program.

The following table summarizes Wastewater's revenues, expenses, and changes in net position.

Table 2B
Proprietary Fund - Wastewater
Comparative Condensed Activities
Years ended June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Revenues:					
Charges for services	\$ 331,721	317,761	303,037	13,960	14,724
Rents and concessions	664	702	611	(38)	91
Other operating revenues	11,743	12,618	11,448	(875)	1,170
Interest and investment income	12,137	20,701	2,317	(8,564)	18,384
Net gain from transfer of assets	—	619	—	(619)	619
Other non-operating revenues	5,596	5,545	5,330	51	215
Total revenues	<u>361,861</u>	<u>357,946</u>	<u>322,743</u>	<u>3,915</u>	<u>35,203</u>
Expenses:					
Operating expenses	262,259	259,813	238,906	2,446	20,907
Interest expenses	43,216	43,803	24,978	(587)	18,825
Amortization of premium, refunding loss, and issuance costs	(8,647)	(5,697)	(5,400)	(2,950)	(297)
Non-operating expenses	52	1,013	414	(961)	599
Total expenses	<u>296,880</u>	<u>298,932</u>	<u>258,898</u>	<u>(2,052)</u>	<u>40,034</u>
Change in net position before transfers	<u>64,981</u>	<u>59,014</u>	<u>63,845</u>	<u>5,967</u>	<u>(4,831)</u>
Transfers from the City and County of San Francisco	280	—	—	280	—
Transfers to the City and County of San Francisco	(1,468)	(3,996)	(26,960)	2,528	22,964
Net transfers	<u>(1,188)</u>	<u>(3,996)</u>	<u>(26,960)</u>	<u>2,808</u>	<u>22,964</u>
Change in net position	<u>63,793</u>	<u>55,018</u>	<u>36,885</u>	<u>8,775</u>	<u>18,133</u>
Net position at beginning of year:					
Beginning of year, as previously reported	1,229,143	1,174,125	1,146,263	55,018	27,862
Cumulative effect of accounting change due to error	—	—	(6,767) **	—	6,767
Cumulative effect of accounting change	—	—	(2,256)*	—	2,256
Beginning of year as restated	<u>1,229,143</u>	<u>1,174,125</u>	<u>1,137,240</u>	<u>55,018</u>	<u>36,885</u>
Net position at end of year	<u>\$ 1,292,936</u>	<u>1,229,143</u>	<u>1,174,125</u>	<u>63,793</u>	<u>55,018</u>

* Cumulative effect of accounting change per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

** The Wastewater Enterprise recorded certain immaterial corrections to the 2018 financial statement to eliminate the recognition of certain capital assets that are recorded by another fund. The impact of the change was to decrease beginning position as of July 2017 by \$6,767 and increase fiscal year 2018 expenses by \$28,313.

Wastewater Results of Operations, Fiscal Year 2020

The Wastewater Enterprise's total revenues were \$361,861, an increase of \$3,915 or 1.1% from prior year (see Table 2B). Charges for services increased by \$13,960 or 4.4% mainly due to an average 7% adopted rate increase, offset by a sanitary flow decrease of 215,896 ccf or 0.9% from residential and non-residential customers. Other non-operating revenues increased slightly by \$51 mainly due to \$642 in miscellaneous revenue largely due to receipts from California State Parks Foundation for a project at Yosemite Slough Site, \$38 gain from sale of assets in current year, \$14 in federal interest subsidy, and \$11 in Federal Emergency Management Agency (FEMA) grant relating to COVID-19, offset by a decrease of \$391 in biofuel revenue as the SFGreasecycle Program ended in prior year, grants received in prior year of \$234 from the State for the stormwater flood management projects and \$29 from the Green Infrastructure Leadership Exchange. These increases were offset by a decrease of \$8,564 or 41.4% in interest and investment income due to lower pooled and fiscal agent cash balances and lower annualized interest rate.

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Other operating revenues decreased by \$875 mainly due to \$981 decrease in capacity fees resulting from a 16% decrease in permits issued and increase in uncollectible allowance, offset by \$106 increase in charges for services to other City departments such as the Recreation & Park and San Francisco General Hospital, \$619 gain from transfer of assets in prior year, and \$38 decrease or 5.4% in rents and concessions mainly due to \$56 catch-up billing adjustment in prior year for a lease at Southeast Water Pollution Control Plant offset by \$18 increase in rental revenue from tenants with 3% consumer price index average rate increase.

Total expenses were \$296,880, a decrease of \$2,052 or 0.7% due to decreases of \$2,950 in amortization of premium, refunding loss, and issuance cost due to decrease of \$2,760 in issuance cost attributable to bond series 2018 ABC issuance in prior year, decrease of \$36 in refunding loss and increase of \$154 in bond premium, \$961 in other non-operating expenses mainly due to \$987 loss from sale of assets in prior year offset by \$26 increase in City grants program expenses as there were more expenses incurred for community-based organization services, and \$587 decrease in interest expenses mainly due to more capitalization of interest expense for fixed assets in the current year. These decreases were offset by an increase of \$2,446 in operating expenses. The increase of \$2,446 in operating expenses was mainly due to \$10,320 increase in personnel services due to 3% increase in COLA, increase in retirement contribution rates and expenses related to pension and other post-employment benefits, \$2,934 in depreciation expense due to more capitalized assets put in service, \$680 in services provided by other departments mainly for legal services, street cleaning, neighborhood beautification, and risk management services, and \$317 in contractual services mainly due to higher professional and specialized services. These increases were offset by decreases of \$10,943 in general and administrative and other operating expenses mainly due to higher capitalization of capital project spending and prior year higher capital project expense related to the Southeast Plant Improvement Project and \$862 in materials and supplies mainly due to water sewage treatment supplies for Bayside Operations.

Net transfers of \$1,188 included transfer out of \$1,436 to the San Francisco Art Commission for integrated artworks at the Headworks Facility and \$32 to the Office of the City Administrator for the Surety Bond Program, offset by \$240 transfer in from General Fund for the Central Shop Relocation Project contingency release and \$40 for the Sidewalk Garden Grants Project.

Wastewater Results of Operations, Fiscal Year 2019

The Wastewater Enterprise's total revenues were \$357,946, an increase of \$35,203 or 10.9% from prior year (see Table 2B). Charges for services increased by \$14,724 or 4.9% due to an average 7% adopted rate increase offset by a sanitary flow decrease of 476,093 ccf or 2% from residential and non-residential customers. Interest and investment income increased significantly by \$18,384 or 793.4% due to increases of \$13,632 in interest earned on cash mainly attributed to higher cash balance coupled with higher annualized interest rate and \$4,752 in unrealized gains due to improved market value. Other operating revenues increased by \$1,170 or 10.2% mainly due to \$1,091 increase in capacity fees resulting from 6% increase in number of permits and 7% increase in average permit price, and \$79 in charges for services to other City departments such as the Laguna Honda Hospital and San Francisco Municipal Transportation Agency. Net gain from transfer of assets was \$619 due to transfer of 1800 Jerrold from General Services Agency (GSA). Other non-operating revenues increased by \$215 or 4.0% mainly due to increases of \$305 in miscellaneous revenue such as Stormwater Control Plan review fees, overhead and late payment charges, \$235 State grant received for the stormwater flood management projects, \$29 from the Green Infrastructure Leadership Exchange Grant, \$11 in federal interest subsidy, \$3 net loss from sale of fixed assets in prior year, and \$2 from sale of scrap and waste. These increases were offset by \$228 decrease in biofuel revenue as the SFGreasecycle Program ended in April 2019, \$141 in settlements received in prior year from insurance claim, and \$1 in services to other government agencies. Rents increased by \$91 or

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14.9% mainly due to \$68 catch-up billing for a lease at Southeast Water Pollution Control Plant in the current year and \$23 from tenants with 4% consumer price index (CPI) average rate increase.

Total expenses were \$298.932, an increase of \$40,034 or 15.5% due to increases of \$20,907 in operating expenses, \$18,825 in interest expenses mainly due to higher outstanding debt principal, and \$599 in other non-operating expenses mainly due to \$987 net loss on sale of fixed assets due to 1801 Jerrold property exchange with DPW, offset by \$388 decrease in City grants program expenses as there were no expense incurred for community-based organization services in the current year coupled with lower expense incurred for the flood water management program. These increases were offset by \$297 amortization of premium, refunding loss, and issuance cost. The increase of \$20,907 in operating expenses was attributed largely to \$24,108 increase in general and administrative and other operating expenses, mainly due to lower capitalization of capital project spending coupled with higher capital project expenses related to Southeast Plant Improvement Project, \$4,442 in depreciation expense due to more capitalized assets put in service, \$2,979 in contractual services mainly due to higher maintenance services on building structures and higher professional and specialized services, \$407 in materials and supplies, and \$255 in services provided by other departments mainly for light, heat, and power. These increases were offset by a decrease of \$11,284 in personnel services mainly due to decrease in expenses related to pension and other post-employment benefits.

Total transfers out of \$3,996 included \$3,724 to the City Real Estate Division for the Central Shop Relocation Project and the Land Reuse 1800 Jerrold related to the Southeast Plant Improvement Project, \$150 to the Neighborhood Development Fund for the Watershed Stewardship Grants, \$90 to the San Francisco Art Commission for art enrichment, and \$32 to the Office of the City Administrator for the Surety Bond Program.

The following table summarizes Hetchy Water's revenues, expenses, and changes in net position.

Table 2C - A
Proprietary Fund - Hetchy Water
Comparative Condensed Activities
Years ended June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Revenues:					
Charges for services	\$ 34,797	33,880	33,427	917	453
Rents and concessions	156	125	133	31	(8)
Interest and investment income	1,932	2,670	218	(738)	2,452
Other non-operating revenues	3,861	3,013	1,237	848	1,776
Total revenues	<u>40,746</u>	<u>39,688</u>	<u>35,015</u>	<u>1,058</u>	<u>4,673</u>
Expenses:					
Operating expenses	44,873	50,305	39,792	(5,432)	10,513
Non-operating expenses	11	-	68	11	(68)
Total expenses	<u>44,884</u>	<u>50,305</u>	<u>39,860</u>	<u>(5,421)</u>	<u>10,445</u>
Change in net position before transfers	(4,138)	(10,617)	(4,845)	6,479	(5,772)
Transfers from the City and County of San Francisco	14,000	20,000	30,000	(6,000)	(10,000)
Change in net position	<u>9,862</u>	<u>9,383</u>	<u>25,155</u>	<u>479</u>	<u>(15,772)</u>
Net position at beginning of year:					
Beginning of year, as previously reported	201,173	191,790	168,356	9,383	23,434
Cumulative effect of accounting change	-	-	(1,721) *	-	1,721
Beginning of year as restated	<u>201,173</u>	<u>191,790</u>	<u>166,635</u>	<u>9,383</u>	<u>25,155</u>
Net position at end of year	<u>\$ 211,035</u>	<u>201,173</u>	<u>191,790</u>	<u>9,862</u>	<u>9,383</u>

* Cumulative effect of accounting change per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

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Hetchy Water Results of Operations, Fiscal Year 2020

Hetchy Water's total revenues were \$40,746, an increase of \$1,058 or 2.7% from prior year's revenues (see Table 2C-A). Increases included \$917 from charges for services, \$848 from other non-operating revenues, and \$31 from rents and concessions. These increases were offset by a decrease of \$738 in interest and investment income.

Charges for services were \$34,797, an increase of \$917 or 2.7% due to increased water assessment fees from the Water Enterprise to fund upcountry water-related costs. Rents were \$156, an increase of \$31 or 24.8% mainly from cottage rental revenue. Other non-operating revenues were \$3,861, an increase of \$848 or 28.1% mainly due to payment of \$995 from Rim Fire insurance recoveries, offset by decreases of \$125 collections from State grants related to 2018 Moccasin Storm Project and Lower Cherry Aqueduct Project, \$18 in overhead charges and \$4 decrease in net gain from sale of fixed assets and scrap. Interest and investment income were \$1,932, a decrease of \$738 or 27.6% mainly due to lower unrealized gains attributed to decrease in market value in cash and investments with City Treasury.

Total operating expenses, excluding other non-operating expenses were \$44,873, a decrease of \$5,432 or 10.8%. The decrease was attributed to \$8,831 in other operating expenses mainly due to reduced capital spending and \$104 in depreciation and amortization related to building, structure and equipment. These decreases were offset by increases of \$2,597 in personnel services resulting from cost of living adjustments, higher retirement contribution rates, higher pension obligations based on actuarial reports and increased personnel and fringe benefit costs, \$437 in contractual services mainly from increased engineering services, \$231 in services provided by other departments mainly due to higher light, heat, and power charges, \$204 in water and sewage treatment supplies for water facilities, and \$34 in general and administrative expenses mainly due to higher judgements and claims based on actuarial estimates.

Other non-operating expenses increased by \$11 due to payments to community-based organization programs. Transfer in of \$14,000 was received from the Water Enterprise to fund upcountry projects.

As a result of the above activities, net position for the year ended June 30, 2020 increased by \$9,862 or 4.9% compared to prior year.

Hetchy Water Results of Operations, Fiscal Year 2019

Hetchy Water's total revenues were \$39,688, an increase of \$4,673 or 13.3% over prior year (see Table 2C-A). Charges for services were \$33,880, an increase of \$453 or 1.4% mainly due to an increase of \$978 water assessment fees from the Water Enterprise to fund upcountry water-related cost, offset by decreases of \$497 from Lawrence Livermore National Laboratory and \$28 from other customers. Rents and concessions decreased by \$8 or 6.0% due to lower Moccasin cottage rentals. Interest and investment income increased by \$2,452 or 1,124.8% due to \$1,794 in unrealized gains attributed to increase in market value in cash and investments with City Treasury and \$658 in interest earned resulting from higher interest rates. Other non-operating revenue increased by \$1,776 or 143.6% mainly due to \$1,934 from State grants for the 2018 Moccasin Storm Project and Lower Cherry Aqueduct Project, offset by decreases of \$106 in overhead charges, \$33 from prior year Rim Fire insurance recoveries, \$12 decreased sale of fixed assets, scrap, and waste, and \$7 in miscellaneous revenue.

Total operating expenses were \$50,305, an increase of \$10,513 or 26.4% due to increases of \$9,365 in other operating expenses mainly due to higher capital project expenses, and \$1,880 in general and administrative expenses mainly due to increased taxes, licenses and permit payments to National Park Service and Turlock Irrigation District, \$314 in depreciation and amortization related to building, structure and equipment, \$50 in services provided by other departments mainly explained by higher light, heat, and

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power charges, and \$32 increase in materials and supplies mainly for fuels and lubricants. These increases were offset by decreases of \$809 in personnel services primarily due to lower pension and OPEB obligations based on actuarial reports, and \$319 in contractual services mainly from decreased engineering services.

Other non-operating expenses decreased by \$68 due to no payments to community-based organization programs. Transfer in of \$20,000 was received from the Water Enterprise to fund upcountry projects.

As a result of the above activities, net position for the year ended June 30, 2019 increased by \$9,383 or 4.9% compared to prior year.

The following table summarizes Hetchy Power's revenues, expenses, and changes in net position.

Table 2C - B
Proprietary Fund - Hetchy Power
Comparative Condensed Activities
Years ended June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Revenues:					
Charges for services	\$ 140,680	143,409	118,672	(2,729)	24,737
Rents and concessions	191	152	163	39	(11)
Interest and investment income	5,746	6,883	2,537	(1,137)	4,346
Other non-operating revenues	25,006	10,907	10,073	14,099	834
Total revenues	<u>171,623</u>	<u>161,351</u>	<u>131,445</u>	<u>10,272</u>	<u>29,906</u>
Expenses:					
Operating expenses	148,127	122,688	119,395	25,439	3,293
Interest expenses	2,740	2,936	3,103	(196)	(167)
Amortization of premium, discount, and issuance costs	(228)	(237)	(248)	9	11
Non-operating expenses	1,060	1,365	1,727	(305)	(362)
Total expenses	<u>151,699</u>	<u>126,752</u>	<u>123,977</u>	<u>24,947</u>	<u>2,775</u>
Change in net position before transfers	19,924	34,599	7,468	(14,675)	27,131
Transfers from the City and County of San Francisco	-	4,522	87	(4,522)	4,435
Transfers to the City and County of San Francisco	(32)	(32)	(512)	-	480
Net transfers	<u>(32)</u>	<u>4,490</u>	<u>(425)</u>	<u>(4,522)</u>	<u>4,915</u>
Change in net position	<u>19,892</u>	<u>39,089</u>	<u>7,043</u>	<u>(19,197)</u>	<u>32,046</u>
Net position at beginning of year:					
Beginning of year, as previously reported	445,715	406,626	401,686	39,089	4,940
Cumulative effect of accounting change	-	-	(2,103) *	-	2,103
Beginning of year as restated	<u>445,715</u>	<u>406,626</u>	<u>399,583</u>	<u>39,089</u>	<u>7,043</u>
Net position at end of year	<u>\$ 465,607</u>	<u>445,715</u>	<u>406,626</u>	<u>19,892</u>	<u>39,089</u>

* Cumulative effect of accounting changes per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Hetchy Power Results of Operations, Fiscal Year 2020

Hetchy Power's total revenues were \$171,623, an increase of \$10,272 or 6.4% from prior year's revenues (see Table 2C-B). Increases included \$14,099 from other non-operating revenues and \$39 from rents and concessions. The increases were offset by decreases of \$2,729 from charges for services and \$1,137 from interest and investment income.

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Charges for services were \$140,680, a decrease of \$2,729 or 1.9% was attributed to decreases of \$4,213 in sale of electricity to retail, wholesale and Treasure Island customers due to COVID-19 and California Independent System Operator (CAISO) Congestion Revenue Right (CRR) credits, and \$709 in resale of capacity related to electric system reliability compliance product, offset by an increase of \$2,193 in sales to other City departments mainly due to average rate increase. Rents were \$191, an increase of \$39 or 25.7% mainly from cottage rental revenue. Interest and investment income were \$5,746, a decrease of \$1,137 or 16.5% mainly due to \$1,073 in interest earned resulting from lower interest rates and \$1,023 in unrealized gains attributed to decrease in market value in cash and investments with City Treasury, offset by an increase of \$959 in interest accrued in connection of an upgraded submarine power cable for the Treasure Island. Other non-operating revenues were \$25,006, increase of \$14,099 or 129.3% mainly due to \$6,920 from Low Carbon Fuel Standard (LCFS) credit sales revenue, \$4,825 from the Power System Impact Mitigation Project, \$1,610 in fees collected from the Distributed Antenna System (DAS) program, \$1,479 in State and Federal grants related to disaster emergency recoveries for the 2018 Moccasin Storm Project, Early Intake Switchyard Project and Rim Fire Project, \$341 in Cap and Trade revenues, \$92 reimbursement for the Central Subway Project, \$52 in annual license fee received from the Transbay Cable Project, \$42 in damage claims, and \$12 in overhead charges. These increases were offset by decreases of \$705 in Rim Fire insurance recoveries from prior year, \$330 in miscellaneous revenue from completion of Hunters Point Projects, \$195 in settlement received from prior year, \$41 in Federal interest subsidy due to lower debt outstanding, and \$3 in net gain from sale of fixed assets, scrap, and waste.

Total operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$25,439 or 20.7% to \$148,127. The increase was attributed to \$16,130 in other operating expenses mainly due to lower capitalization of project expense, \$3,129 in personnel services resulting from cost of living adjustments, higher retirement contribution rates, higher pension obligations based on actuarial reports and increased personnel and fringe benefit costs, \$1,656 in contractual services mainly for equipment maintenance and property rent, \$1,588 in materials and supplies mainly explained by prior year recognition of material and supplies to inventory for the in-city warehouse, \$1,394 in purchased electricity and transmission, distribution and other power costs mainly due to wheeling charge rate increase, \$1,239 in depreciation and amortization related to additional building, structure and equipment placed in service, and \$710 in general and administrative expenses mainly due to judgements and claims based on actuarial estimates. These increases were offset by a decrease of \$407 in services of other departments mainly due to legal services provided by City Attorney. Interest expenses were \$2,740, a decrease of \$196 or 6.7% mainly due to higher capitalized interest. Amortization of premium and discount slightly decreased by \$9 or 3.8% to \$228.

Other non-operating expenses were \$1,060, a decrease of \$305 or 22.3% due to \$354 in loss from sale of fixed assets in prior year, offset by an increase of \$49 in payments for GoSolarSF Incentive Program and community-based organization programs. Transfer out of \$32 to the Office of the City's Administrator for the Surety Bond Program.

As a result of the above activities, net position for the year ended June 30, 2020 increased by \$19,892 or 4.5% compared to prior year.

Hetchy Power Results of Operations, Fiscal Year 2019

Hetchy Power's total revenues were \$161,351, an increase of \$29,906 or 22.8% over prior year (see Table 2C-B). Charges for services were \$143,409, an increase of \$24,737 or 20.8% primarily due to \$11,721 in wholesale electricity from recognition of California Independent System Operator (CAISO) Congestion Revenue Right (CRR) credits, \$7,462 in sales to City departments mainly from the Office of the City Administrator, Zuckerberg San Francisco General Hospital, and San Francisco International Airport, \$5,371 in sales to non-City customers mainly from tenants of the Port of San Francisco and Transbay Joint Powers

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Authority, and \$589 in sale of capacity to CleanPowerSF. The increases were offset by a decrease of \$406 in Treasure Island utilities revenue. Rents and concessions decreased by \$11 or 6.7% due to lower Moccasin cottage rentals. Interest and investment income increased by \$4,346 or 171.3% due to \$2,657 in unrealized gains attributed to increase in market value in cash and investments with City Treasury and \$1,689 in interest earned resulting from higher interest rates.

Other non-operating revenues increased by \$834 or 8.28% mainly due to \$787 from Hunters Point Project, \$641 in overhead charges, \$446 in Cap and Trade revenues, \$367 in Federal grant for the Early Intake Switchyard Project, \$331 from Rim Fire insurance recovery, \$192 in settlement, \$88 in annual license fee received from San Francisco Port Transbay Cable Project, and \$39 in State grants for the 2018 Moccasin Storm Project and Other Small Power Projects. These increases were offset by decreases of \$1,671 received in prior year for Energy Efficiency Projects, Power System Impact Mitigation Project and Sunnydale Parcel Q Housing Project, \$178 lower fees collected from DAS, \$92 reimbursement for Central Subway Project, \$56 in sale of fixed assets, scrap, and waste, \$39 in Federal interest subsidy due to sequestration, and \$21 in miscellaneous revenues.

Total operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$3,293 or 2.8% to \$122,688. The increase was attributed to \$13,002 in purchased electricity and transmission, distribution and other power costs mainly due to CAISO CRR credits were recognized as revenue instead of offsetting to expenses, \$2,633 in personnel services primarily due to higher salaries and fringe benefits, \$985 in legal services provided by the City Attorney, \$560 in contractual services, and \$435 in depreciation and amortization due to increased capitalized assets of building, structure and equipment. These increases were offset by decreases of \$12,875 in other operating expenses mainly due to increased capitalization of project expenses, \$869 in materials and supplies mainly explained by the recognition of material and supplies to inventory for the in-city warehouse, and \$578 in general and administrative expenses mainly due to lower judgments and claims based on actuarial estimates. Interest expenses were \$2,936, a decrease of \$167 or 5.4% mainly due to higher capitalized interest. Amortization of premium and discount slightly decreased by \$11 or 4.4% to \$237.

Other non-operating expenses were \$1,365, a decrease of \$362 or 21% due to \$716 in lower payments for GoSolarSF Incentive Program and community-based organization programs, offset by \$354 in loss from sale of fixed assets. Net transfer of \$4,490 included transfers in of \$4,522 from the City's Education Revenue Augmentation fund for utility acquisition assessments and transfer out of \$32 to the Office of the City's Administrator for the Surety Bond Program.

As a result of the above activities, net position for the year ended June 30, 2019 increased by \$39,089 or 9.6% compared to prior year.

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The following table summarizes CleanPowerSF's revenues, expenses, and changes in net position.

Table 2C - C
Proprietary Fund - CleanPowerSF
Comparative Condensed Activities
Years ended June 30, 2020, 2019, and 2018

	2020	2019	2018	2020 - 2019 Change	2019 - 2018 Change
Revenues:					
Charges for services	\$ 245,460	167,820	39,568	77,640	128,252
Interest and investment income	1,771	735	174	1,036	561
Other non-operating revenues	1	-	1	1	(1)
Total revenues	<u>247,232</u>	<u>168,555</u>	<u>39,743</u>	<u>78,677</u>	<u>128,812</u>
Expenses:					
Operating expenses	196,026	137,284	38,428	58,742	98,856
Interest expenses	69	130	101	(61)	29
Total expenses	<u>196,095</u>	<u>137,414</u>	<u>38,529</u>	<u>58,681</u>	<u>98,885</u>
Change in net position	<u>51,137</u>	<u>31,141</u>	<u>1,214</u>	<u>19,996</u>	<u>29,927</u>
Net position at beginning of year:					
Beginning of year, as previously reported	40,001	8,860	8,218	31,141	642
Cumulative effect of accounting change	-	-	(572) *	-	572
Beginning of year as restated	<u>40,001</u>	<u>8,860</u>	<u>7,646</u>	<u>31,141</u>	<u>1,214</u>
Net position at end of year	<u>\$ 91,138</u>	<u>40,001</u>	<u>8,860</u>	<u>51,137</u>	<u>31,141</u>

* Cumulative effect of accounting change per GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

CleanPowerSF Results of Operations, Fiscal Year 2020

CleanPowerSF's total revenues were \$247,232, a \$78,677 or 46.7% increase over prior year (see Table 2C-C). Charges for services increased by \$77,640 or 46.3% mainly due to \$74,099 increased electricity sales to retail and commercial customers, and \$3,541 from capacity sales to Hetchy Power and other entities. Consumption increased to 1,010,934 MWh or 51% and number of customer accounts have grown from 376,787 to 383,895 as of June 2020. Interest and investment income increased by \$1,036 or 141% due to \$638 in interest earned resulting from higher average cash balance and \$398 in unrealized gains attributed to increase in market value in cash and investments with City Treasury. Other non-operating revenue increased by \$1 due to termination fees from customers.

Total operating expenses, excluding interest expenses were \$196,026, an increase of \$58,742 or 42.8% from prior year. The increase was due to \$51,932 in purchased electricity and transmission, distribution and other power costs as a result of higher electricity sales, \$3,308 in personnel services resulting from cost of living adjustments, higher retirement contribution rates, higher pension obligations based on actuarial reports and increased personnel and fringe benefit costs, \$2,771 in professional and contractual services mainly from services provided by Calpine Energy Solution for customer billings, \$1,142 in general and administrative mainly from increased taxes, license, and permits fees, \$63 in other operating expenses mainly from the Neighborhood Steward Program Project and \$6 in materials and supplies. These increases were offset by a decrease of \$480 in services provided by other departments mainly explained by lower mail services and support provided by Hetchy Power for administrative services. Interest expenses were \$69, a decrease of \$61 or 46.9% due to lower outstanding balance for the working capital loan from Hetchy Power.

As a result of the above activities, net position for the year ended June 30, 2020 increased by \$51,137 or 127.8% compared to prior year.

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CleanPowerSF Results of Operations, Fiscal Year 2019

CleanPowerSF's total revenues were \$168,555, a \$128,812 or 324.1% increase over prior year (see Table 2C-C). Charges for services increased by \$128,252 or 324.1% which included \$127,146 increased electricity sales to retail and commercial customers due to 1,421,175 MWh or 256% consumption increase and \$1,106 from capacity sales to Hetchy Power and other entities. CleanPowerSF completed citywide full enrollment in April 2019, and the number of customer accounts have grown from 81,679 to 376,787 as of June 2019. Interest and investment income increased by \$561 or 322.4% due to \$328 in interest earned resulting from higher average cash balance and \$233 in unrealized gains attributed to increase in market value in cash and investments with City Treasury. Other non-operating revenue decreased by \$1 due to lower opt out termination fees from customers.

Total operating expenses, excluding interest expenses were \$137,284, an increase of \$98,856 or 257.2% from prior year. The increase was due to \$92,541 or 305.4% in purchased electricity and transmission, distribution and other power costs as a result of higher enrollment and electricity sales, \$2,620 in professional and contractual services for administrative support and program development, \$2,462 in personnel services mainly due to program growth, \$1,663 in services provided by other departments mainly explained by increased support provided by Hetchy Power for administrative, data scheduling and procurement, \$754 in general and administrative expenses mainly from increased taxes, license, permits, and membership fee; and \$51 in material and supplies. Other operating expenses decreased by \$1,235 mainly due to decreased department overhead charges compared to prior year. Interest expenses were \$130, an increase of \$29 or 28.7% due to higher interest rates on working capital loan from Hetchy Power.

As a result of the above activities, net position for the year ended June 30, 2019 increased by \$31,141 or 351.5% compared to prior year.

Capital Assets

Department-wide Business Type Activities

The following table summarizes the department-wide changes in capital assets. Detailed discussion follows for each proprietary fund.

Table 3
Business Type Activities
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Facilities, improvements, machinery, and equipment	\$ 7,419,330	7,167,172	5,964,789	252,158	1,202,383
Intangible assets	32,528	34,853	36,956	(2,325)	(2,103)
Land and rights-of-way	155,089	71,228	70,947	83,861	281
Construction work in progress	1,592,097	1,387,840	2,161,089	204,257	(773,249)
Total	<u>\$ 9,199,044</u>	<u>8,661,093</u>	<u>8,233,781</u>	<u>537,951</u>	<u>427,312</u>

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The following table summarizes Water's changes in capital assets.

Table 3A
Proprietary Fund – Water
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u>	<u>2019 - 2018</u>
				<u>Change</u>	<u>Change</u>
Facilities, improvements, machinery, and equipment	\$ 4,928,438	4,890,207	3,825,832	38,231	1,064,375
Intangible assets	4,089	5,816	7,321	(1,727)	(1,505)
Land and rights-of-way	105,336	30,029	30,029	75,307	–
Construction work in progress	492,682	462,606	1,400,051	30,076	(937,445)
Total	<u>\$ 5,530,545</u>	<u>5,388,658</u>	<u>5,263,233</u>	<u>141,887</u>	<u>125,425</u>

Water Capital Assets, Fiscal Year 2020

The Water Enterprise has net capital assets of \$5,530,545 invested in a broad range of utility capital assets as of June 30, 2020 (see Table 3A). The investment in capital assets includes land, facilities, improvements, water treatment plants, aqueducts, water transmission, distribution mains, water storage facilities, pump stations, water reclamation facilities, machinery, and equipment. The Water Enterprise's net revenue and long term debt are used to finance capital investments. Capital assets, net of accumulated depreciation and amortization, increased by \$141,887 from the prior year. Land increased by \$75,307 mainly as the result of a property transfer related to 639 Bryant Street for 2000 Marin Street completed in the fiscal year. Facilities, improvements, machinery, and equipment increased by \$38,231 mainly attributable to Sunol Corp Yard, Water Main Replacement, and Alameda Creek Watershed projects. Construction work in progress increased by \$30,076 primarily due to additions from Recycled Water project, San Andreas Pipeline replacement, and Watershed and Environmental Improvement program. Intangible assets decreased by \$1,727 due to \$2,101 amortization, offset by increases of \$374 from Microsoft SharePoint software and IBM Maximo software improvements.

Major additions to construction work in progress during the year ended June 30, 2020 include the following:

Recycled Water Project	\$ 46,912
San Andreas Pipeline No. 2 Replacement	27,817
Watershed and Environmental Improvement Program	13,117
Regional Groundwater Storage & Recovery	11,864
Calaveras Dam Replacement	11,119
Water Main Replacement - Van Ness Avenue/Market/Lombard Streets	8,120
New Water Utility Services	7,908
Sunol Long Term Improvements	7,222
San Francisco Groundwater Supply	6,647
Renew Water Utility Services	6,276
Peninsula Water System Improvements	5,922
Water Main Replacement - 16th Street	5,769
Other project additions individually below \$5,000	61,734
Total	<u>\$ 220,427</u>

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Major depreciable facilities, improvements, intangible assets, machinery and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2020 include the following:

Sunol Corp Yard - Administration Building	\$ 32,965
Water Main Replacement - Van Ness Avenue/Market/Lombard Streets	20,692
Water Main Replacement - 16th Street	9,104
Alameda Creek Watershed Fish Passage Facilities	8,597
Sunol Corp Yard - Shop Building #1	8,543
Irving Street Pipeline	7,926
New Water Utility Services	7,908
Renew Water Utility Services	6,276
Sunol Corp Yard - Shop Building #4	5,847
Other items individually below \$5,000	70,874
Total	<u>\$ 178,732</u>

See Note 4 for additional information about capital assets.

Water System Improvement Program

The WSIP delivers capital improvements that enhance the Water Enterprise's ability to provide reliable, affordable, high-quality drinking water to its 27 wholesale customers and regional retail customers in Alameda, Santa Clara, and San Mateo Counties, as well as approximately 800,000 residential customers in San Francisco, in an environmentally sustainable manner. The program is structured to cost-effectively meet water quality requirements and long-term water supply objectives, as well as improve seismic and delivery reliability.

Overall, the \$4.8 billion WSIP to upgrade the City of San Francisco's regional and local drinking water systems is 99% completed with \$4.8 billion of project appropriations expended through fiscal year ended June 30, 2020. The program consists of 35 local projects located within San Francisco and 52 regional projects spread over seven different counties from the Sierra Foothills to San Francisco. As of June 30, 2020, 35 local projects were completed, and the completion date was June 3, 2020. For regional projects, 42 are completed and the expected completion date is May 2023. Additional details regarding the WSIP are available at <https://www.sfwater.org/index.aspx?page=115>.

Water Capital Assets, Fiscal Year 2019

The Water Enterprise has net capital assets of \$5,388,658 invested in a broad range of utility capital assets as of June 30, 2019 (see Table 3A). The investment in capital assets includes land, facilities, improvements, water treatment plants, aqueducts, water transmission, distribution mains, water storage facilities, pump stations, water reclamation facilities, machinery, and equipment. The Water Enterprise's net revenue and long term debt are used to finance capital investments. Capital assets, net of accumulated depreciation and amortization, increased by \$125,425 from the prior year. Construction work in progress decreased by \$937,445 primarily due to capital assets placed into service. Intangible assets decreased by \$1,505 due to amortization of \$2,171 primarily relating to the SFPUC On-Line Invoicing System, Automated Water Meter Program upgrades and SFBid online contracting system, offset by increases of \$666 mainly from Water Quality Sampling and Maximo asset management software. Land was unchanged from prior year. Facilities, improvements, machinery, and equipment increased by \$1,064,375 mainly attributable to capital assets placed into service such as Calaveras Dam, WSIP Security Upgrades, and West Sunset Well Station.

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Major additions to construction work in progress during the year ended June 30, 2019 include the following:

Calaveras Dam Replacement	\$ 68,453
Recycled Water Project	25,913
Sunol Long Term Improvements	18,325
Regional Groundwater Storage & Recovery	14,677
Water Main Replacement - Van Ness Avenue/Market/Lombard Streets	9,826
Various New Water Utility Services	7,116
San Francisco Groundwater Supply	6,204
Sunol Valley Water Treatment Plant - Powdered Activated Carbon System	5,710
Various Water Utility Services Renewals	5,245
Water Main Replacement - Putnam Street/Peralta/Cortland Avenues	5,041
Other project additions individually below \$5,000	77,097
Total	<u>\$ 243,607</u>

Major depreciable facilities, improvements, intangible assets, machinery and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2019 include the following:

Calaveras Dam Construction	\$ 496,165
Calaveras Dam Spillway & Basin	369,551
Calaveras Dam Outlet System	126,044
Calaveras Dam Fish Passage	62,228
WSIP Security Systems Upgrades	17,852
West Sunset Well Station	14,098
Golden Gate Park Central Well Station	13,000
South Sunset Well Station	9,505
Sunol Valley Water Treatment Plant - Powdered Activated Carbon System	7,613
Various New Water Utility Services	7,116
Water Main Replacement - Putnam Street/Peralta/Cortland Avenues	6,914
Auxiliary Water Supply System - Columbus Avenue Pipeline	5,956
Sunset Reservoir Chemical Building	5,890
Various Water Utility Service Renewals	5,245
Water Main Replacement - Pacheco Street/10th/Castaneda Avenues	5,046
Other items individually below \$5,000	31,465
Total	<u>\$ 1,183,688</u>

See Note 4 for additional information about capital assets.

Water System Improvement Program

The WSIP delivers capital improvements that enhance the Water Enterprise's ability to provide reliable, affordable, high-quality drinking water to its 27 wholesale customers and regional retail customers in Alameda, Santa Clara, and San Mateo Counties, as well as approximately 800,000 residential customers in San Francisco, in an environmentally sustainable manner. The program is structured to cost-effectively meet water quality requirements and long-term water supply objectives, as well as improve seismic and delivery reliability.

Overall, the \$4.8 billion WSIP to upgrade the City of San Francisco's regional and local drinking water systems is 97% completed with \$4.5 billion of project appropriations expended through fiscal year ended June 30, 2019. The program consists of 35 local projects located within San Francisco and 52 regional projects spread over seven different counties from the Sierra Foothills to San Francisco. As of June 30, 2019, 34 local projects are completed, and the target completion date is December 2019. For regional

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projects, 42 are completed and the expected completion date is December 2021. Additional details regarding the WSIP are available at <https://www.sfwater.org/index.aspx?page=115>.

The following table summarizes Wastewater's changes in capital assets.

Table 3B
Proprietary Fund – Wastewater
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Facilities, improvements, machinery, and equipment	\$ 2,104,332	1,916,979	1,799,548	187,353	117,431
Intangible assets	3,046	3,183	3,320	(137)	(137)
Land and rights-of-way	44,572	36,018	35,737	8,554	281
Construction work in progress	910,338	765,624	652,521	144,714	113,103
Total	<u>\$ 3,062,288</u>	<u>2,721,804</u>	<u>2,491,126</u>	<u>340,484</u>	<u>230,678</u>

Wastewater Capital Assets, Fiscal Year 2020

The Wastewater Enterprise has capital assets of \$3,062,288, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2020 (see Table 3B). This amount represents an increase of \$340,484, or 12.5% from prior fiscal year. The investment in capital assets includes land, buildings, improvements, wastewater treatment plants, sewer pipes and mains, underground transport and storage boxes, pump stations, machinery, and equipment. Facilities, improvements, machinery, and equipment increased by \$187,353 or 9.8%, construction work in progress increased by \$144,714 or 18.9%, and land and rights-of-way increased by \$8,554 or 23.7% due to the Rankin Street land purchase, offset by a decrease of \$137 or 4.3%, in intangible assets due to amortization.

Major additions to construction work in progress during the year ended June 30, 2020 include the following:

Southeast Plant Biosolids and Digester Facilities Project	\$ 116,761
Southeast Plant New Headworks Grit Removal and Influent Pump Station	69,287
Southeast Community Center	14,708
Seismic Reliability - Phase 1	13,066
Oceanside Plant Digester Gas Handling Utilization	11,087
As-Needed Spot Sewer Replacement No. 38	10,501
Southeast Plant Water System Improvements	9,206
Program Management	9,088
Public Works Lombard Street Infrastructure Improvements	7,729
Mariposa Pump Station & Force Main	7,411
Islais Creek Outfall	7,401
Geary Bus Rapid Transit Sewer Improvements	6,013
Southeast Plant 062 Archimedes Screw Pump	5,236
Richmond Early Implementation Project	5,211
Channel Tunnel/Bayside Drainage	5,180
Public Works Various Locations Pavement Number 37	4,966
Van Ness Bus Rapid Transit Sewer Improvements	4,674
Public Works Various Locations Number 39 Infrastructure Improvements	4,639
As-Needed Main Sewer Replacement #7	4,385
Ocean Beach Project	4,255
Westside Pump Station Reliability Improvements	4,245
Taraval Sewer Improvements	4,174
Other project additions individually below \$4,000	76,575
Total	<u>\$ 405,798</u>

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Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2020 include the following:

Southeast Plant Water System Improvements	\$ 64,526
Griffith Pump Station Improvements	20,305
Oceanside Plant Condition Assessment Repairs	15,440
Seismic Reliability - Phase 1	14,317
As Needed Spot Sewer Replacement Number 38	12,136
Islais Creek Outfall	9,206
Southeast Plant 740 Digester Gas Upgrade	8,688
Various Locations Sewer Replacement Number 3	8,245
Public Works Various Locations Pavement Number 37	7,123
Public Works Filbert Other Street Infrastructure Improvements	5,784
Public Works Various Locations Number 28 Infrastructure Improvements	5,772
Various Locations Sewer Replacement Number 5	5,013
Oceanside Plant Building 620 Digester Recirculation Pump	4,965
Westside Pump Station Reliability Improvements	4,756
5Th/North/6Th Division Street Combined Sewer Discharge	4,691
Public Works Evans Avenue Infrastructure Improvements	4,538
As Needed Main Sewer Replacement Number 7	4,385
Public Works As Needed Number 11 Infrastructure Improvements	4,284
Public Works Irving Street Phase 2 Infrastructure Improvements	4,115
Public Works Clayton Other Street Infrastructure Improvements	3,950
46Th/47Th/48Th Avenues Sewer Replacement	3,149
Wastewater 16Th Street Sewer Replacement	3,080
Oceanside Plant Facility Ventilation System	3,042
Other project additions individually below \$3,000	28,880
Total	<u>\$ 250,390</u>

See Note 4 for additional information about capital assets.

Sewer System Improvement Program

The Sewer System Improvement Program (SSIP) includes three phases over 20 years to improve the existing wastewater system. In March 2016, the refined program scope and budget increased from \$6.9 billion to \$7.0 billion endorsed by the Commission along with the baseline for scope, schedule and budget for phase I, II, and III projects.

As of June 30, 2020, 32 projects or 45.7% totaling \$324 million were completed, with 15 projects in pre-construction phase, 17 projects in construction phase, and 6 projects in close-out phase. The SEP Existing Digester Gas Handling Improvements was completed on February 28, 2020 with reported project expenditures of \$15.5 million. The goal of this project is to cost effectively integrate the digester gas handling system at the SEP, improve the reliability of the cogeneration facility, and provide backup fuel source for the boilers. The SEP New Headworks Facility-SCOPE II.A is on-going construction. The project is reported at 82.7% completion and forecasted final completion is on November 14, 2020. Program expenditures as of June 30, 2020 totaled \$1,079.0 million. Additional details regarding the SSIP are available at www.sfwater.org.

Wastewater Capital Assets, Fiscal Year 2019

The Wastewater Enterprise has capital assets of \$2,721,804, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2019 (see Table 3B). This

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amount represents an increase of \$230.678, or 9.3% from prior fiscal year. The investment in capital assets includes land, buildings, improvements, wastewater treatment plants, sewer pipes and mains, underground transport and storage boxes, pump stations, machinery, and equipment. Facilities, improvements, machinery, and equipment increased by \$117,431 or 6.5%, construction work in progress increased by \$113,103 or 17.3%, and land and rights-of-way increased by \$281 or 0.8%, offset by a decrease of \$137 or 4.1%, in intangible assets due to amortization. The \$281 increase in land and rights-of-way is due to jurisdictional transfer of properties between Wastewater Enterprise with GSA and DPW for 1800 and 1801 Jerrold.

Major additions to construction work in progress during the year ended June 30, 2019 include the following:

Southeast Plant Biosolids and Digester Facilities Project	\$	84,770
Southeast Plant New Headworks Grit Removal and Influent Pump Station		58,369
Southeast Plant Building 521/522 and Disinfection Upgrades		14,262
As-Needed Spot Sewer Replacement No. 37		11,134
Griffith Pump Station Improvements		10,986
Channel Tunnel/Bayside Drainage		9,989
Seismic Reliability - Phase 1		9,146
Van Ness Bus Rapid Transit Sewer Improvements		8,065
Northshore to Channel Force Main		7,983
Southeast Plant Primary and Secondary Clarifier		7,173
Mariposa Pump Station & Force Main		5,800
Southeast Plant Existing Digester Gas Handling Improvements		5,741
As-Needed Main Sewer Replacement #6		5,294
Southeast Community Center		5,187
Southeast Plant Oxygen Generation Plant 01		4,964
Various Locations Sewer Replacement #1		4,917
Oceanside Plant Condition Assessment Repairs		4,915
Westside Pump Station Reliability Improvements		4,836
Southeast 740 Digester Gas Upgrade		4,810
Drumm & Jackson St Sewer Improvement		4,773
Various Locations Sewer Replacement #3		4,681
Public Works Filbert St and Leavenworth St Infrastructure Improvements		4,531
Public Works Various Locations No. 28 Infrastructure Improvements		4,341
Various Locations Sewer Replacement #5		4,191
Oceanside Plant Digester Gas Handling Utilization		4,157
Other project additions individually below \$4,000		1,957
Total	\$	<u>296,972</u>

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Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2019 include the following:

Southeast Plant Existing Digester Gas Handling Improvement	\$ 19,683
As-Needed Spot Sewer Replacement No. 37	11,158
Southeast Plant Oxygen Generation Plant 01	9,457
Northshore to Channel Force Main	9,330
Wastewater Crocker Amazon/Excelsior/Ingleside Districts Sewer Replacement	8,688
Southeast Plant Primary and Secondary Clarifier Upgrade	8,268
Various Locations Sewer Replacement and Pavement Renovation No. 1	7,935
Drumm & Jackson Street Sewer Improvement	7,720
Various Locations Sewer Replacement and Pavement Renovation No. 2	7,100
Sunnydale Early Implementation Project	6,262
Public Works Various Locations No. 22 Infrastructure Improvement	6,012
Public Works Polk St Infrastructure Improvement	5,582
Public Works Various Locations No. 27 Infrastructure Improvement	5,510
Hydraulic & Drainage Sewer Improvement	5,345
As-Needed Main Sewer Replacement #6	5,294
Haight-Ashbury/Tenderloin/Diamond	5,234
Various Locations Sewer Replacement and Pavement Renovation No. 4	4,908
Public Works Various Locations No. 24 Infrastructure Improvement	4,678
Public Works 25th Ave and Lowell Street Sewer Replacement	3,710
Collection Division Consolidation	3,140
Other project additions individually below \$3,000	33,387
Total	<u>\$ 178,401</u>

See Note 4 for additional information about capital assets.

Sewer System Improvement Program

The Sewer System Improvement Program (SSIP) includes three phases over 20 years to improve the existing wastewater system. In March 2016, the refined program scope and budget increased from \$6.9 billion to \$7.0 billion endorsed by the Commission along with the baseline for scope, schedule and budget for phase I, II, and III projects.

As of June 30, 2019, 25 projects or 35.7% totaling \$176 million were completed, with 21 projects in pre-construction phase, 13 projects in construction phase, and 11 projects in close-out phase. The SEP Primary and Secondary Clarifier Upgrades Project was completed on January 21, 2019 with reported project expenditures of \$32.6 million. The project is intended to upgrade the mechanical, structural, and electrical components at the primary and secondary sedimentation tanks (clarifiers) at SEP to address operational reliability and compliance with regulatory requirements for liquid treatment. The SEP 521/522 and Disinfection Upgrades (SEP Building 521 Replacement) are on-going construction. The project is reported at 96.0% completed and forecasted completion in October 2019. Program expenditures as of June 30, 2019 totaled \$913.4 million. Additional details regarding the SSIP are available at www.sfwater.org.

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The following table summarizes Hetchy Water's changes in capital assets.

Table 3C - A
Proprietary Fund - Hetchy Water
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Facilities, improvements, machinery, and equipment	\$ 122,433	97,250	97,038	25,183	212
Intangible assets	10,789	10,996	11,203	(207)	(207)
Land and rights-of-way	3,232	3,232	3,232	-	-
Construction work in progress	24,328	37,625	28,326	(13,297)	9,299
Total	<u>\$ 160,782</u>	<u>149,103</u>	<u>139,799</u>	<u>11,679</u>	<u>9,304</u>

Hetchy Water Capital Assets, Fiscal Year 2020

Hetchy Water has capital assets of \$160,782, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2020 (see Table 3C-A). This amount represents an increase of \$11,679 or 7.8%, primarily due to an increase of \$25,183 in facilities, improvements, machinery, and equipment, offset by decreases of \$13,297 in construction work in progress, and \$207 in amortization of intangible assets.

For the year ended June 30, 2020, Hetchy Water's major additions to construction work in progress totaled \$17,669. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$30,249 (see Table 3D).

See Note 4 for additional information about capital assets.

Hetchy Water Capital Assets, Fiscal Year 2019

Hetchy Water has capital assets of \$149,103, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2019 (see Table 3C-A). This amount represents an increase of \$9,304 or 6.7%, primarily due to increases of \$9,299 in construction work in progress and \$212 in facilities, improvements, machinery, and equipment, offset by a decrease of \$207 in amortization of intangible assets.

For the year ended June 30, 2019, Hetchy Water's major additions to construction work in progress totaled \$21,241. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$6,119 (see Table 3E).

See Note 4 for additional information about capital assets.

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The following table summarizes Hetchy Power's changes in capital assets.

Table 3C - B
Proprietary Fund - Hetchy Power
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Facilities, improvements, machinery, and equipment	\$ 264,127	262,736	242,371	1,391	20,365
Intangible assets	14,604	14,858	15,112	(254)	(254)
Land and rights-of-way	1,949	1,949	1,949	-	-
Construction work in progress	164,749	121,985	80,191	42,764	41,794
Total	<u>\$ 445,429</u>	<u>401,528</u>	<u>339,623</u>	<u>43,901</u>	<u>61,905</u>

Hetchy Power Capital Assets, Fiscal Year 2020

Hetchy Power has capital assets of \$445,429, net of accumulated depreciation and amortization, invested in utility capital assets as of June 30, 2020 (see Table 3C-B). This amount represents an increase of \$43,901 or 10.9%, primarily due to increases of \$42,764 in construction work in progress and \$1,391 in facilities, improvements, machinery, and equipment; offset by a decrease of \$254 in amortization of intangible assets.

For the year ended June 30, 2020, Hetchy Power's major additions to construction work in progress totaled \$70,125. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$16,860 (see Table 3D).

See Note 4 for additional information about capital assets.

Hetchy Power Capital Assets, Fiscal Year 2019

Hetchy Power has capital assets of \$401,528, net of accumulated depreciation and amortization, invested in utility capital assets as of June 30, 2019 (see Table 3C-B). This amount represents an increase of \$61,905 or 18.2%, primarily due to increases of \$41,794 in construction work in progress, and \$20,365 in facilities, improvements, machinery, and equipment; offset by a decrease of \$254 in amortization of intangible assets.

For the year ended June 30, 2019, Hetchy Power's major additions to construction work in progress totaled \$76,585. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$34,932 (see Table 3E).

See Note 4 for additional information about capital assets.

CleanPowerSF Capital Assets

CleanPowerSF had no capital assets as of June 30, 2020 and 2019.

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Major additions to construction work in progress, depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2020 and 2019 include the following:

Table 3D
Proprietary Funds – Hetchy Water and Hetchy Power
Major Additions to Construction Work in Progress and Facilities, Improvements,
Intangible Assets, Machinery, and Equipment Placed in Service
Year ended June 30, 2020

	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>Total 2020</u>
Bay Corridor Project	\$ —	16,789	16,789
2018 Moccasin Storm	8,966	—	8,966
Power Asset Acquisition Analysis	—	8,580	8,580
Van Ness - Bus Rapid Transit	—	8,557	8,557
Other Powerhouse Projects	—	7,687	7,687
Mountain Tunnel Improvement Project	2,477	3,027	5,504
Warnerville Substation Rehabilitation	—	5,067	5,067
Other project additions individually below \$5,000	6,226	20,418	26,644
Additions to Construction Work in Progress	<u>\$ 17,669</u>	<u>70,125</u>	<u>87,794</u>
San Joaquin Pipeline Replacement	\$ 7,315	—	7,315
Moccasin Creek Downstream Channel Improvements	5,055	—	5,055
Lower Cherry Aqueduct Rehabilitation	4,442	—	4,442
Kirkwood Penstock	—	3,668	3,668
Moccasin Spillway Facilities	3,141	—	3,141
Guardrail & Pavement	1,376	1,681	3,057
Intervening Facilities	—	2,335	2,335
Early Intake Switchyard Slope Hazard Mitigation	—	2,219	2,219
Other project additions individually below \$2,000	8,920	6,957	15,877
Facilities, Improvements, Intangible Assets, Machinery, and Equipment Placed in Service	<u>\$ 30,249</u>	<u>16,860</u>	<u>47,109</u>

Table 3E
Proprietary Funds – Hetchy Water and Hetchy Power
Major Additions to Construction Work in Progress and Facilities, Improvements,
Intangible Assets, Machinery, and Equipment Placed in Service
Year ended June 30, 2019

	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>Total 2019</u>
Streetlight Replacement	\$ —	15,803	15,803
Bay Corridor Project	—	14,100	14,100
Warnerville Substation Rehabilitation	—	12,099	12,099
Mountain Tunnel Improvement	4,443	5,430	9,873
2018 Moccasin Storm	8,569	—	8,569
Other Powerhouse Projects	—	8,034	8,034
Warnerville Power System Impact Mitigation	—	5,418	5,418
San Joaquin Pipeline Rehabilitation	3,268	—	3,268
Lower Cherry Aqueduct	3,047	—	3,047
Other project additions individually below \$3,000	1,914	15,701	17,615
Additions to Construction Work in Progress	<u>\$ 21,241</u>	<u>76,585</u>	<u>97,826</u>
Streetlight Replacement	\$ —	15,803	15,803
Transbay Transit Center	—	8,101	8,101
Modesto Transmission Line Clearance Mitigation	—	2,804	2,804
Other project additions individually below \$1,000	6,119	8,224	14,343
Facilities, Improvements, Intangible Assets, Machinery, and Equipment Placed in Service	<u>\$ 6,119</u>	<u>34,932</u>	<u>41,051</u>

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Debt Administration

Department-wide Business Type Activities

The following table summarizes the department-wide outstanding debt, net of unamortized costs, discount, and premium. Detailed discussion follows for each proprietary fund.

Table 4
Business Type Activities
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Revenue bonds	\$ 6,358,056	6,503,164	5,971,153	(145,108)	532,011
Clean Renewable Energy Bonds 2008	1,231	1,639	2,047	(408)	(408)
Capital appreciation bonds	—	2,029	6,725	(2,029)	(4,696)
Commercial paper	633,828	503,558	323,451	130,270	180,107
Certificates of participation	142,265	146,207	150,008	(3,942)	(3,801)
State revolving fund loans	161,820	88,032	22,607	73,788	65,425
Qualified Energy Conservation Bonds 2011	4,229	4,765	5,294	(536)	(529)
New Clean Renewable Energy Bonds	3,320	4,135	4,934	(815)	(799)
Total	<u>\$ 7,304,749</u>	<u>7,253,529</u>	<u>6,486,219</u>	<u>51,220</u>	<u>767,310</u>

Water Debt Administration

As of June 30, 2020, the Water Enterprise had \$5,232,498 total debt outstanding, an increase of \$156,193 over the prior year, as shown below in Table 4A. More detailed information about the Water Enterprise's debt activity is presented in Notes 6, 7, 8 and 9 to the financial statements.

Table 4A
Proprietary Fund – Water
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Revenue bonds	\$ 4,695,295	4,808,548	4,909,041	(113,253)	(100,493)
Capital appreciation bonds	—	2,029	6,725	(2,029)	(4,696)
Commercial paper	362,354	161,336	40,312	201,018	121,024
Certificates of participation	101,578	104,392	107,106	(2,814)	(2,714)
State revolving fund loans	73,271	—	—	73,271	—
Total	<u>\$ 5,232,498</u>	<u>5,076,305</u>	<u>5,063,184</u>	<u>156,193</u>	<u>13,121</u>

The increase of \$73,271 State revolving fund loans was for the San Francisco (SF) Westside Recycled Water project. The decrease of \$113,253 in revenue bonds was due to decreases of \$616,975 from bond refunding, \$98,870 for bond repayment, \$27,640 in amortization of premium, and \$26,734 from refunding of premium; offset by increases of \$656,955 from issuance of 2019 Series ABC revenue bonds, and \$11 from amortization of discount. The decrease of \$2,814 in certificates of participation was as a result of \$2,688 from repayment and \$126 from amortization of premium. The decrease of \$2,029 in capital appreciation bonds was due to \$2,100 from repayment, offset by \$71 from accretions. The Water Enterprise had \$335,793 in tax-exempt and \$26,561 in taxable commercial paper as of June 30, 2020, and \$135,308 in tax-exempt and \$26,028 in taxable commercial paper outstanding as of June 30, 2019. The increase of \$201,018 was due to the additional issuance of \$200,485 in tax-exempt and \$533 in taxable commercial paper.

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Credit Ratings and Bond Insurance – The Water Enterprise carried underlying ratings of “Aa2” and “AA-” from Moody’s and Standard & Poor’s (S&P) at June 30, 2020, and “Aa3” and “AA-” from Moody’s and Standard & Poor’s (S&P) at June 30, 2019, respectively.

Debt Service Coverage – Pursuant to the Amended and Restated Indenture, the Water Enterprise is required to collect sufficient net revenues each fiscal year, together with any Water Enterprise funds (except Bond Reserve Funds), which are available for payment of debt service and are not budgeted to be expended, at least equal to 1.25 times annual debt service for said fiscal year. During fiscal years 2020 and 2019, the Water Enterprise’s net revenues, together with fund balances available to pay debt service and not budgeted to be expended, were sufficient to meet the rate covenant requirements under the Water Enterprise’s Amended and Restated Indenture (see Note 9).

Debt Authorization – Pursuant to the Charter Section 8B.124, the Water Enterprise can incur indebtedness upon two-thirds vote of the Board of Supervisors, as approved by voters in Proposition E in November 2002. As of June 30, 2020, the Board of Supervisors has authorized the issuance of \$4,269,958 in revenue bonds under Proposition E, with \$3,464,660 issued against this authorization. The Water Enterprise can also incur indebtedness of up to \$1,628,000 for improvements to the water system pursuant to Proposition A that was approved by the voters in November 2002. As of June 30, 2020, \$1,348,335 of the \$1,628,000 Proposition A authorized bonds were issued. The Water Enterprise is also authorized to issue up to \$500,000 in commercial paper.

Cost of Debt Capital – The Water Enterprise’s outstanding long-term debt has coupon interest rates ranging from 1.0% to 7.0% as of June 30, 2020 and 2019. The Water Enterprise’s short-term debt has interest rates ranging from 0.2% to 2.8% during fiscal years 2020 and 2019.

Wastewater Debt Administration

As of June 30, 2020, 2019 and 2018, the Wastewater Enterprise’s debt from revenue bonds, commercial paper, certificates of participation, and State revolving fund loans were \$1,945,080, \$2,059,742, and \$1,332,933, respectively, as shown in Table 4B. More detailed information about the Wastewater Enterprise’s debt activity is presented in Notes 6, 7, 8 and 9 to the financial statement.

Table 4B
Proprietary Fund – Wastewater
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u>	<u>2019 - 2018</u>
				<u>Change</u>	<u>Change</u>
Revenue bonds	\$ 1,621,733	1,652,609	1,019,146	(30,876)	633,463
Commercial paper	207,939	291,498	262,859	(83,559)	28,639
Certificates of participation	26,859	27,603	28,321	(744)	(718)
State revolving fund loans	88,549	88,032	22,607	517	65,425
Total	<u>\$ 1,945,080</u>	<u>2,059,742</u>	<u>1,332,933</u>	<u>(114,662)</u>	<u>726,809</u>

The decrease of \$114,662 was mainly due to \$111,984 repayment of outstanding debt, \$8,824 of premium amortizations, and \$1,508 SRF loan reduction for unreimbursed disbursement claim, offset by \$4,390 issuance of commercial paper and \$3,264 SRF loans for SEP 521/522 and Disinfection Upgrade and Lake Merced projects.

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Credit Ratings and Bond Insurance – As of June 30, 2020 and 2019, the Wastewater Enterprise carried underlying ratings of “Aa2” and “AA” and “Aa3” and “AA” from Moody’s and Standard & Poor’s (S&P), respectively.

Debt Service Coverage – Pursuant to the Indenture for the Wastewater bonds, the Wastewater Enterprise covenants to collect sufficient net revenues each fiscal year, together with any Wastewater Enterprise funds (except Bond Reserve Funds) that are available for payment of debt service and are not budgeted to be expended, at least equal to 1.25 times annual debt service for said fiscal year. During fiscal years 2020 and 2019, the Wastewater Enterprise’s net revenues, together with fund balances available to pay debt service and not budgeted to be expended, were sufficient to meet the rate covenant requirements under the Indenture (see Note 9).

Debt Authorization – Pursuant to the Charter Section 8B.124, the Wastewater Enterprise can incur indebtedness upon two-thirds vote of the Board of Supervisors. As of June 30, 2020, the Wastewater Enterprise had \$3,441,862 in combined debt issuance authorization from the Board of Supervisors under Proposition E, with \$2,735,708 issued against this authorization. The Wastewater Enterprise has a \$750,000 authorized commercial paper program, with \$207,939 in tax-exempt commercial paper outstanding as of June 30, 2020 and \$291,498 in tax-exempt commercial paper outstanding as of June 30, 2019.

Cost of Debt Capital – The coupon interest rates on the Wastewater Enterprise’s outstanding revenue bonds ranged from 1.0% to 5.8%, with a blended true interest cost of 3.4%, after factoring in federal interest subsidy receipts on Build America Bonds at June 30, 2020. The 2009 Series C certificates of participation carried coupon interest rates from 2.0% to 5.0% and 2009 Series D certificates of participation carried coupon interest rates from 6.4% to 6.5% in fiscal years 2020 and 2019, respectively. The interest rates on short-term debt ranged from 0.2% to 1.9% as of end of fiscal year 2020. The State revolving fund loans (CWSRF loans) carried interest rates ranging from 1.4% to 1.8% for a weighted average of 1.54% as of end of fiscal year 2020.

Hetchy Water Debt Administration

Hetchy Water did not have debt outstanding as of June 30, 2020 and 2019. Debt, including bond issuances, associated with the funding of water-related, upcountry infrastructure capital improvements is issued through the Water Enterprise, and is reflected in the Water Enterprise’s financial statements.

Hetchy Power Debt Administration

As of June 30, 2020, and 2019, Hetchy Power had outstanding debt of \$127,171 and \$117,482, respectively, as shown in Table 4C. More detailed information about the Hetchy Power’s debt activity is presented in Notes 6, 7, 8 and 9 to the financial statements.

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Table 4C
Proprietary Fund – Hetchy Power
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2020, 2019, and 2018

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020 - 2019</u> <u>Change</u>	<u>2019 - 2018</u> <u>Change</u>
Clean Renewable Energy Bonds 2008	\$ 1,231	1,639	2,047	(408)	(408)
Certificates of Participation 2009 Series C	1,235	1,619	1,988	(384)	(369)
Certificates of Participation 2009 Series D (BABs)	12,593	12,593	12,593	—	—
Qualified Energy Conservation Bonds 2011	4,229	4,765	5,294	(536)	(529)
New Clean Renewable Energy Bonds 2012	130	713	1,283	(583)	(570)
New Clean Renewable Energy Bonds 2015	3,190	3,422	3,651	(232)	(229)
2015 Series A Revenue Bonds	35,444	35,585	35,720	(141)	(135)
2015 Series B Revenue Bonds	5,584	6,422	7,246	(838)	(824)
Commercial Paper	63,535	50,724	20,280	12,811	30,444
Total	<u>\$ 127,171</u>	<u>117,482</u>	<u>90,102</u>	<u>9,689</u>	<u>27,380</u>

The increase of \$9,689 was mainly due to \$12,811 in commercial paper issuance, offset by decreases of \$2,894 in principal repayments and \$228 in amortization of premium and discount.

Credit Ratings and Bond Insurance – The Power Enterprise’s 2015 Series AB Power Revenue Bonds have been rated “AA-” by Fitch Inc and “AA” by Standard and Poor’s (S&P) as of June 30, 2020 and 2019, respectively.

Debt Service Coverage – Pursuant to the Indenture, the Power Enterprise is required to collect sufficient net revenues each fiscal year, together with any Available Funds (except Bond Reserve Funds) which include unappropriated fund balances and reserves, and cash and book value of investments held by the Treasurer for the Hetchy Power, that the SFPUC reasonably expects would be available, to pay principal and interest becoming due and payable on all outstanding bonds as provided in the Indenture, less any refundable credits, at least equal to 1.25 times annual debt service for said fiscal year. The Series 2015 AB power revenue bonds represent the first series of senior lien revenue bonds of Hetchy Power. Pursuant to Power’s Master Trust Indenture, senior lien debt service coverage excludes debt service on subordinate obligations, such as Hetchy Power’s existing CREBS, NCREBs, and QECBs. Because interest on the Series 2015 AB power revenue bonds was capitalized, Hetchy Power was not obligated to make debt service payments on the Series 2015 AB power revenue bonds until fiscal year 2018. Therefore, Hetchy Power did not calculate and report the Indenture-based debt service coverage ratio prior to fiscal year 2018. During fiscal year 2020, the Power Enterprise’s net revenues, together with fund balances available to pay debt service and not budgeted to be expended, were sufficient to meet the rate covenant requirements under the Power Enterprise’s Indenture (see Note 9).

Debt Authorization – Pursuant to Charter Section 9.107(6), the Power Enterprise can incur indebtedness upon three-fourths vote of the Board of Supervisors, for the purpose of the reconstruction or replacement of existing water facilities and electric power facilities, or combinations thereof, under the jurisdiction of the Public Utilities Commission. Pursuant to Charter Section 9.107(8), the Power Enterprise can issue revenue bonds, without voter approval, upon an affirmative vote of the Board of Supervisors, for the purpose of the acquisition, construction, installation, equipping, improvement, or rehabilitation of equipment or facilities for renewable energy and energy conservation. Pursuant to Proposition A, approved by the San Francisco voters on June 5, 2018, City Charter Section 8B.124 is amended to authorize the Power Enterprise to enter into indebtedness, including revenue bonds, notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors to reconstruct, replace, expand, repair, improve or construct new power facilities under the jurisdiction of SFPUC or for any other purpose of the Power Enterprise, and in compliance with City Charter Section 8B.124. Proposition A

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expressly prohibits the SFPUC from issuing bonds to finance the construction of power plants that generate electricity using fossil fuels or nuclear energy. As of June 30, 2020 and 2019, \$39,555 of Hetchy Power revenue bonds were issued against existing authorization of \$392,728 and \$347,758, respectively.

Cost of Debt Capital – The Power Enterprise's outstanding long-term senior lien debt consists of the 2015 Series AB Power Revenue Bonds issued in May 2015, which are the first series of bonds issued under the Master Indenture and are senior in lien to all the other Power Enterprise's outstanding debt obligations. Coupon interest rates range from 3.0% to 5.0%. The Power Enterprise has previously issued and incurred debt service on Tax Credit Bonds and certificates of participation, which constitute subordinate obligations. Interest rates on the Tax Credit Bonds, which include QECBs and NCREBs, range from 1.2% to 1.5% (net of the federal tax subsidy). Certificates of participation carried interest rates range from 2.0% to 6.5%. The Power Enterprise's short-term debt issued under its commercial paper program has interest rates ranging from 0.2% to 4.0%, and 1.3% to 1.7% during fiscal years 2020 and 2019, respectively.

CleanPowerSF Debt Administration

CleanPowerSF did not have debt outstanding as of June 30, 2020 and 2019.

Rates and Charges

Water and Wastewater Enterprises

Proposition E, as approved by the voters in November 2002, amended the City Charter by adding the new Article VIII B, entitled "Public Utilities," which changed the Commission's ability to issue new revenue bonds and set retail water and wastewater rates. The Commission is required to:

- Establish rates, fees, and charges based on cost of service;
- Retain an independent rate consultant to conduct cost of service studies at least every five years;
- Consider establishing new connection fees;
- Consider conservation incentives and lifeline rates;
- Adopt a rolling five-year forecast annually; and
- Establish a Rate Fairness Board.

Pursuant to the City and County of San Francisco Charter Section 8B.125, an independent rate study is performed at least once every five years. In compliance with City Charter section 8B.125, a rate study was completed in April 2018 and resulted in an approved four-year water and wastewater rate increase from July 1, 2018 through June 30, 2022. The SFPUC Rates Schedules and Fees is available at <https://sfwater.org/modules/showdocument.aspx?documentid=7743>.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
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(Dollars in thousands, unless otherwise stated)

Water Enterprise

Wholesale Customers

The WSA prescribes the rate setting process for the wholesale water rates. The WSA has a 25-year term, beginning on July 1, 2009, with two 5-year extension options. The WSA was amended and restated on December 11, 2018 by the SFPUC. The contract changed the rate basis by which the capital cost recovery is determined from a "utility basis" to a "cash basis," resulting in the repayment of the cost of capital over the life of the debt funding of those assets rather than the life of the asset. The WSA requires the rate be calculated and set annually and include a reconciliation between prior year revenues and expenses. Refer to Note 10 of the notes to financial statements for further discussion on the balancing account of the wholesale customers.

Next Year's Rates

Water Enterprise

The following table is the Water Enterprise's ten-year average rate adjustments:

Ten-year Average Rate Adjustments		
Effective date	Retail	Wholesale³
July 1, 2012	12.5 ¹ %	11.4 %
July 1, 2013	6.5 ¹	(16.4)
July 1, 2014	12.0 ²	19.6
July 1, 2015	12.0 ²	28.0
July 1, 2016	10.0 ²	9.3
July 1, 2017	7.0 ²	—
July 1, 2018	9.0 ⁴	—
July 1, 2019	8.0 ⁴	—
July 1, 2020	7.0 ⁴	—
July 1, 2021	7.0 ⁴	—

- ¹ Five-year retail rate increases adopted and effective July 1, 2009.
- ² Four-year retail rate increases adopted and effective July 1, 2014.
- ³ Wholesale rates adopted annually; no increase for wholesale rates effective July 1, 2017; no increase projected through June 30, 2022 from 10 Year Financial Plan.
- ⁴ Four-year retail rate increases adopted and effective July 1, 2018.

Wastewater Enterprise

The following table is the Wastewater Enterprise's ten-year approved average rate adjustments:

Ten-year Average Rate Adjustments	
Effective Date	Rate
July 1, 2012	5.0 ¹ %
July 1, 2013	5.0 ¹
July 1, 2014	5.0 ²
July 1, 2015	5.0 ²
July 1, 2016	7.0 ²
July 1, 2017	11.0 ²
July 1, 2018	7.0 ³
July 1, 2019	7.0 ³
July 1, 2020	8.0 ³
July 1, 2021	8.0 ³

- ¹ Four-year rate increases adopted and effective July 1, 2009.
- ² Four-year rate increases adopted and effective July 1, 2014.
- ³ Four-year rate increases adopted and effective July 1, 2018.

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Hetchy Water

Hetchy Water charges for services relates to the storage and delivery of water. Assessment fees from the Water Enterprise, which cover the water-related upcountry costs, were \$34,585 and \$33,578 for the years ended June 30, 2020 and 2019, respectively. In fiscal year 2021, the assessment fees will be \$44,149, an increase of \$9,564 or 27.7% as reflected in the fiscal year 2021 adopted budget. Hetch Hetchy charges for services related to the storage and delivery of water.

Hetchy Power

Municipal Rates

Hetchy Power charges for services relates to power generation and electricity delivery to contractual and municipal customers. For municipal power services, customers are typically charged a General Use rate or Enterprise rate. Enterprise rates are charged based on projected PG&E equivalent rates by customer class. General fund department customers are mostly charged a General Use rate, a rate that is currently below cost of service. These General Use rates, however, are moving closer towards cost of service and increasing by \$0.01 per kWh on an annual basis beginning July 1, 2020. The General Use rates have been adopted every two years.

On May 10, 2020, the Commission adopted two years of General Use rates effective July 1, 2020 through June 30, 2022. The adopted General Use rate for fiscal years 2021 and 2022 are \$0.08877/kWh, and \$0.09877/kWh, respectively. The Power Enterprise continues to develop rates under the cost of service analysis model and has started work on the next power rate study which is projected to be completed in 2021.

Retail Rates

The Commission approved a new schedule of retail electric rates, fees, and charges for residential, commercial, and industrial customers where Hetch Hetchy has been designated as the power provider for retail customers to be applied to meter readings on or after July 1, 2016. Total bundled service charges for residential service rates and low-income residential service rates are calculated using the total rates, monthly, based on monthly meter reading, plus any applicable taxes.

To date, Hetchy Power has prepared service standards, developed system plans and specifications, acquired materials and equipment, and initiated construction of primary distribution facilities.

Pursuant to City and County of San Francisco Charter Section 8B.125, an independent rate study is performed at least once every five years. The rate study is undertaken to examine future revenue requirements and cost-of-service of the Power Enterprise. In fall 2015, SFPUC engaged a consultant to perform a cost-of-service study. The informed rate setting from this study resulted in recommendation and approval by the Commission in the spring 2016 for rates to be effective July 1, 2016. Work is underway on the next power rate study which is projected to be completed in 2021 and provide power rates effective for fiscal year 2022. The SFPUC Rates Schedules and Fees is available at <https://sfwater.org/modules/showdocument.aspx?documentid=7743>.

CleanPowerSF

CleanPowerSF began offering services in May 2016, giving residential and commercial electricity consumers in San Francisco a choice of having their electricity supplied from clean renewable sources, such as solar and wind, at competitive rates. CleanPowerSF offers two products: a "Green" product

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comprised of at least 48% renewable energy and a "SuperGreen" product comprised of 100% renewable energy. Most customers take service under the "Green" product rates and remaining customers have opted to upgrade to "SuperGreen" product rates. On February 25, 2020, Commission approved a CleanPowerSF rate adjustment formula. Through Resolution 20-0048 CleanPowerSF rates will be formulaically adjusted, when PG&E rates change so long as the rate change falls within specific, Commission approved parameters including, rates will recover program costs, be competitive at +/- 1% of PG&E generation rates and should not increase a customers' bill more than 10%. The rate adjustment formula will remain in place and serve to adjust rates not otherwise adjusted by Commission action.

The CleanPowerSF Rates Schedules are available at <http://cleanpowersf.org/residential> for residential customers and <http://cleanpowersf.org/commercial> for commercial customers.

CleanPowerSF revenues are adequate to support its own operations; the SFPUC intends that these rates be sufficient to pay for impending projects, and be financially independent from Hetch Hetchy in the future. CleanPowerSF is subject to Section 8B.125 of the City Charter, which requires an independent rate study be performed at least once every five years, and the Commission sets rates and charges for the program. CleanPowerSF rates will be included in the next power rate study which is projected to be completed in 2021.

Request for Information

This report is designed to provide our citizens, customers, investors, and creditors with an overview of the SFPUC's finances and to demonstrate the Department's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to San Francisco Public Utilities Commission, Chief Financial Officer, 525 Golden Gate Avenue, 13th Floor, San Francisco, CA 94102.

This report is available at <https://sfwater.org/index.aspx?page=344>.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Net Position
Proprietary Funds
June 30, 2020 and 2019
(In thousands)

	Business Type Activities - Proprietary Funds												SFPUC Total	
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		2020	2019
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Assets														
Current assets:														
Cash and investments with City Treasury.....	\$ 451,499	405,558	351,915	209,109	79,172	77,433	191,687	188,787	84,192	25,514	–	–	1,158,465	906,401
Cash and investments outside City Treasury.....	353	254	356	274	1	1	1	–	–	–	–	–	711	529
Receivables:														
Charges for services (net of allowance for doubtful accounts of \$2,500, \$3,189, \$0, \$591, and \$1,810 in 2020 and \$1,733, \$2,308, \$0, \$19, and \$585 in 2019).....	59,946	55,151	33,749	33,781	29	79	2,967	5,804	34,712	34,789	–	–	131,403	129,604
Due from other City departments, current portion.....	250	640	190	220	104	–	2,874	817	–	–	(1,909) A	(107) B	1,509	1,570
Due from other governments.....	23	111	–	39,043	2,575	2,911	1,644	601	–	–	–	–	4,242	42,666
Interest	1,251	2,644	983	1,454	183	449	580	1,352	215	197	–	–	3,212	6,096
Restricted due from other governments.....	73,271	–	3,265	–	–	–	–	–	–	–	–	–	76,536	–
Restricted interest and other receivable (net of allowance for doubtful accounts of \$13, \$38, \$0, \$0 and \$0 in 2020 and \$5, \$19, \$0, \$0 and \$0 in 2019).....	3,774	3,795	1,864	4,720	24	66	168	196	–	–	–	–	5,830	8,777
Total current receivables.....	138,515	62,341	40,051	79,218	2,915	3,505	8,233	8,770	34,927	34,986	(1,909)	(107)	222,732	188,713
Prepaid charges, advances, and other receivables, current portion.....	3,705	2,309	195	128	512	462	2,247	3,613	2,760	2,544	–	–	9,419	9,056
Inventory.....	5,777	5,426	2,476	2,284	187	198	1,609	1,417	–	–	–	–	10,049	9,325
Restricted cash and investments outside City Treasury, current portion.....	16,638	122,512	11,043	44,928	–	–	151	3,896	–	–	–	–	27,832	171,336
Total current assets.....	616,487	598,400	406,036	335,941	82,787	81,599	203,928	206,483	121,879	63,044	(1,909)	(107)	1,429,208	1,285,360
Non-current assets:														
Restricted cash and investments with City Treasury.....	–	2,224	55,132	483,885	9,768	12,673	8,060	19,195	–	–	–	–	72,960	517,977
Restricted cash and investments outside City Treasury, less current portion.....	80,924	–	10,461	–	–	–	3,795	–	–	–	–	–	95,180	–
Restricted interest and other receivable, and prepaid (net of allowance for doubtful accounts of \$8, \$29, \$0, \$0, and \$0 in 2020 and \$9, \$31, \$0, \$0, and \$0 in 2019).....	4	3	467	453	–	–	–	–	–	–	–	–	471	456
Charges for services, less current portion (net of allowance for doubtful accounts of \$669, \$577 \$0, \$0, and \$0 in 2020 and \$662, \$567, \$0, \$0, and \$0 in 2019).....	204	189	339	328	–	–	–	–	–	–	–	–	543	517
Prepaid charges, advances, and other receivables, less current portion.....	3,587	3,647	1,185	1,189	156	160	767	780	–	–	–	–	5,695	5,776
Capital assets, not being depreciated and amortized.....	598,697	493,314	957,956	804,688	27,566	40,863	168,129	125,365	–	–	–	–	1,752,348	1,464,230
Capital assets, net of accumulated depreciation and amortization.....	4,931,848	4,895,344	2,104,332	1,917,116	133,216	108,240	277,300	276,163	–	–	–	–	7,446,696	7,196,863
Due from other City departments, less current portion.....	–	–	–	–	–	–	12,295	12,764	–	–	(738) A	(4,579) B	11,557	8,185
Total non-current assets.....	5,615,264	5,394,721	3,129,872	3,207,659	170,706	161,936	470,346	434,267	–	–	(738)	(4,579)	9,385,450	9,194,004
Total assets.....	6,231,751	5,993,121	3,535,908	3,543,600	253,493	243,535	674,274	640,750	121,879	63,044	(2,647)	(4,686)	10,814,658	10,479,364
Deferred outflows of resources														
Unamortized loss on refunding of debt.....	144,189	139,061	189	326	–	–	–	–	–	–	–	–	144,378	139,387
Pensions.....	67,084	55,465	30,422	26,886	7,950	6,447	9,716	7,879	572	339	–	–	115,744	97,016
Other post-employment benefits.....	27,583	13,142	10,065	4,669	2,332	1,343	2,850	1,641	270	108	–	–	43,100	20,903
Total deferred outflows of resources.....	\$ 238,856	207,668	40,676	31,881	10,282	7,790	12,566	9,520	842	447	–	–	303,222	257,306

(Continued)

A Included interfund payables and interfund receivables for fiscal year 2020 of \$847 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs and \$1,800 working capital loan between Hetch Power and CleanPowerSF.

B Included interfund payables and interfund receivables for fiscal year 2019 of \$955 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs and \$3,731 working capital loan between Hetch Power and CleanPowerSF.

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Net Position
Proprietary Funds
June 30, 2020 and 2019
(In thousands)

	Business Type Activities - Proprietary Funds													
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		SFPUC Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Liabilities														
Current liabilities:														
Accounts payable.....	\$ 10,574	12,624	20,044	18,132	958	600	14,185	14,120	21,906	16,210	—	—	67,667	61,686
Accrued payroll.....	8,491	6,943	5,510	4,652	888	645	2,298	1,804	200	159	—	—	17,387	14,203
Accrued vacation and sick leave, current portion.....	6,169	5,706	4,801	4,151	911	859	1,596	1,533	175	142	—	—	13,652	12,391
Accrued workers' compensation, current portion.....	1,781	1,949	1,112	1,031	201	201	384	383	—	—	—	—	3,478	3,564
Due to other City departments, current portion.....	674	—	110	107	240	—	231	—	1,809	—	(1,909) C	(107) D	1,155	—
Damage claims liability, current portion.....	4,740	3,872	8,994	7,013	274	70	705	684	53	3	—	—	14,766	11,642
Unearned revenues, refunds, and other, current portion.....	18,174	20,095	5,243	4,653	18	14	4,852	3,995	848	542	—	—	29,135	29,299
Bond and loan interest payable.....	42,752	38,288	17,416	18,486	—	—	508	542	—	—	—	—	60,676	57,316
Bonds, current portion.....	94,080	98,870	23,240	22,085	—	—	2,115	2,528	—	—	—	—	119,435	123,483
Capital appreciation bonds, current portion.....	—	2,029	—	—	—	—	—	—	—	—	—	—	—	2,029
Certificates of participation, current portion.....	2,824	2,688	747	711	—	—	384	366	—	—	—	—	3,955	3,765
Commercial paper.....	362,354	161,336	207,939	291,498	—	—	63,535	50,724	—	—	—	—	633,828	503,558
Wholesale balancing account, current portion.....	11,257	10,859	—	—	—	—	—	—	—	—	—	—	11,257	10,859
State revolving funds loans payable, current portion.....	—	—	2,458	1,239	—	—	—	—	—	—	—	—	2,458	1,239
Current liabilities payable from restricted assets.....	29,951	31,915	85,355	42,931	3,279	4,337	8,459	5,285	—	—	—	—	127,044	84,468
Total current liabilities.....	593,821	397,174	382,969	416,689	6,769	6,726	99,252	81,964	24,991	17,056	(1,909)	(107)	1,105,893	919,502
Long-term liabilities:														
Other post-employment benefits obligations.....	163,684	150,771	58,183	53,567	16,350	15,404	19,983	18,826	2,197	1,242	—	—	260,397	239,810
Net pension liability.....	178,133	175,429	86,235	85,037	21,477	20,390	26,249	24,920	1,805	1,070	—	—	313,899	306,846
Accrued vacation and sick leave, less current portion.....	5,451	4,394	4,113	3,126	735	529	1,361	1,110	116	69	—	—	11,776	9,228
Accrued workers' compensation, less current portion.....	7,393	8,387	4,939	4,883	986	1,037	1,816	1,878	—	—	—	—	15,134	16,185
Due to other City departments, less current portion.....	—	—	739	848	—	—	369	350	—	3,731	(738) C	(4,579) D	370	350
Damage claims liability, less current portion.....	6,027	7,637	6,897	9,355	284	154	1,517	1,369	53	4	—	—	14,778	18,519
Unearned revenues, refunds, and other, less current portion..	—	—	—	—	609	609	2,790	3,794	—	—	—	—	3,399	4,403
Bonds, less current portion.....	4,601,215	4,709,678	1,598,493	1,630,524	—	—	47,693	50,018	—	—	—	—	6,247,401	6,390,220
Certificates of participation, less current portion.....	98,754	101,704	26,112	26,892	—	—	13,444	13,846	—	—	—	—	138,310	142,442
Wholesale balancing account, less current portion.....	53,600	53,970	—	—	—	—	—	—	—	—	—	—	53,600	53,970
State revolving funds loans payable, less current portion.....	73,271	—	86,091	86,793	—	—	—	—	—	—	—	—	159,362	86,793
Pollution remediation obligations.....	1,577	2,194	7,800	7,500	—	—	—	—	—	—	—	—	9,377	9,694
Total long-term liabilities.....	5,189,105	5,214,164	1,879,602	1,908,525	40,441	38,123	115,222	116,111	4,171	6,116	(738)	(4,579)	7,227,803	7,278,460
Total liabilities.....	5,782,926	5,611,338	2,262,571	2,325,214	47,210	44,849	214,474	198,075	29,162	23,172	(2,647)	(4,686)	8,333,696	8,197,962
Deferred inflows of resources														
Related to pensions.....	34,894	33,330	16,892	16,157	4,335	3,874	5,298	4,734	1,210	203	—	—	62,629	58,298
Other post-employment benefits.....	11,772	13,983	4,185	4,967	1,195	1,429	1,461	1,746	1,211	115	—	—	19,824	22,240
Total deferred inflows of resources.....	46,666	47,313	21,077	21,124	5,530	5,303	6,759	6,480	2,421	318	—	—	82,453	80,538
Net position														
Net investment in capital assets.....	527,856	563,457	1,183,288	1,133,662	160,782	149,103	322,204	301,534	—	—	—	—	2,194,130	2,147,756
Restricted for debt service.....	15,916	16,193	1,227	1,279	—	—	142	1,145	—	—	—	—	17,285	18,617
Restricted for capital projects.....	43,122	—	—	18,505	6,513	8,401	—	—	—	—	—	—	49,635	26,906
Unrestricted.....	54,121	(37,512)	108,421	75,697	43,740	43,669	143,261	143,036	91,138	40,001	—	—	440,681	264,891
Total net position.....	\$ 641,015	542,138	1,292,936	1,229,143	211,035	201,173	465,607	445,715	91,138	40,001	—	—	2,701,731	2,458,170

C Included interfund payables and interfund receivables for fiscal year 2020 of \$847 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs and \$1,800 working capital loan between Hetch Power and CleanPowerSF.

D Included interfund payables and interfund receivables for fiscal year 2019 of \$955 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs and \$3,731 working capital loan between Hetch Power and CleanPowerSF.

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Years ended June 30, 2020 and 2019
(In thousands)

	Business Type Activities – Proprietary Funds											
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenues:												
Charges for services.....	\$ 550,753	509,703	331,721	317,761	34,797	33,880	140,680	143,409	245,460	167,820	1,303,411	1,172,573
Rents and concessions.....	12,124	13,010	664	702	156	125	191	152	–	–	13,135	13,989
Capacity fees.....	2,169	2,368	5,896	6,877	–	–	–	–	–	–	8,065	9,245
Other revenues.....	18,305	17,310	5,847	5,741	–	–	–	–	–	–	24,152	23,051
Total operating revenues.....	<u>583,351</u>	<u>542,391</u>	<u>344,128</u>	<u>331,081</u>	<u>34,953</u>	<u>34,005</u>	<u>140,871</u>	<u>143,561</u>	<u>245,460</u>	<u>167,820</u>	<u>1,348,763</u>	<u>1,218,858</u>
Operating expenses:												
Personnel services.....	119,943	111,594	91,013	80,693	16,304	13,707	40,712	37,583	7,920	4,612	275,892	248,189
Contractual services.....	14,523	13,715	19,357	19,040	1,642	1,205	7,742	6,086	7,557	4,786	50,821	44,832
Transmission/distribution and other power costs.....	–	–	–	–	–	–	41,405	37,242	220	296	41,625	37,538
Purchased electricity.....	–	–	–	–	–	–	7,426	10,195	174,550	122,542	181,976	132,737
Materials and supplies.....	14,050	13,421	8,991	9,853	1,337	1,133	2,260	672	57	51	26,695	25,130
Depreciation and amortization.....	142,228	120,815	62,967	60,033	5,276	5,380	15,723	14,484	–	–	226,194	200,712
Services provided by other departments.....	61,128	59,751	37,309	36,629	1,853	1,622	6,426	6,833	2,728	3,208	109,444	108,043
General and administrative and other.....	46,245	37,798	42,622	53,565	18,461	27,258	26,433	9,593	2,994	1,789	136,755	130,003
Total operating expenses.....	<u>398,117</u>	<u>357,094</u>	<u>262,259</u>	<u>259,813</u>	<u>44,873</u>	<u>50,305</u>	<u>148,127</u>	<u>122,688</u>	<u>196,026</u>	<u>137,284</u>	<u>1,049,402</u>	<u>927,184</u>
Operating income (loss).....	<u>185,234</u>	<u>185,297</u>	<u>81,869</u>	<u>71,268</u>	<u>(9,920)</u>	<u>(16,300)</u>	<u>(7,256)</u>	<u>20,873</u>	<u>49,434</u>	<u>30,536</u>	<u>299,361</u>	<u>291,674</u>
Non-operating revenues (expenses):												
Federal and state grants.....	209	200	11	235	2,859	2,984	1,885	406	–	–	4,964	3,825
Interest and investment income	10,517	15,650	12,137	20,701	1,932	2,670	5,746	6,883	1,771	735	32,103	46,639
Interest expenses.....	(191,246)	(177,998)	(43,216)	(43,803)	–	–	(2,740)	(2,936)	(69)	(130)	(237,271)	(224,867)
Amortization of premium, discount, refunding loss, and issuance costs...	13,752	17,788	8,647	5,697	–	–	228	237	–	–	22,627	23,722
Net gain (loss) from sale of assets.....	63,963	2,277	38	(987)	4	–	5	(354)	–	–	64,010	936
Net gain from transfer of assets.....	–	–	–	619	–	–	–	–	–	–	–	619
Other non-operating revenues.....	30,562	29,922	5,547	5,310	998	29	23,116	10,501	1	–	60,224	45,762
Other Non-operating expenses.....	(529)	(1,388)	(52)	(26)	(11)	–	(1,060)	(1,011)	–	–	(1,652)	(2,425)
Net non-operating revenues (expenses).....	<u>(72,772)</u>	<u>(113,549)</u>	<u>(16,888)</u>	<u>(12,254)</u>	<u>5,782</u>	<u>5,683</u>	<u>27,180</u>	<u>13,726</u>	<u>1,703</u>	<u>605</u>	<u>(54,995)</u>	<u>(105,789)</u>
Change in net position before transfers.....	<u>112,462</u>	<u>71,748</u>	<u>64,981</u>	<u>59,014</u>	<u>(4,138)</u>	<u>(10,617)</u>	<u>19,924</u>	<u>34,599</u>	<u>51,137</u>	<u>31,141</u>	<u>244,366</u>	<u>185,885</u>
Transfers from the City and County of San Francisco.....	1,220	1,200	280	–	14,000	20,000	–	4,522	–	–	15,500	25,722
Transfers to the City and County of San Francisco.....	(14,805)	(20,334)	(1,468)	(3,996)	–	–	(32)	(32)	–	–	(16,305)	(24,362)
Net transfers.....	<u>(13,585)</u>	<u>(19,134)</u>	<u>(1,188)</u>	<u>(3,996)</u>	<u>14,000</u>	<u>20,000</u>	<u>(32)</u>	<u>4,490</u>	<u>–</u>	<u>–</u>	<u>(805)</u>	<u>1,360</u>
Change in net position.....	<u>98,877</u>	<u>52,614</u>	<u>63,793</u>	<u>55,018</u>	<u>9,862</u>	<u>9,383</u>	<u>19,892</u>	<u>39,089</u>	<u>51,137</u>	<u>31,141</u>	<u>243,561</u>	<u>187,245</u>
Net position at beginning of year.....	542,138	489,524	1,229,143	1,174,125	201,173	191,790	445,715	406,626	40,001	8,860	2,458,170	2,270,925
Net position at end of year.....	<u>\$ 641,015</u>	<u>542,138</u>	<u>1,292,936</u>	<u>1,229,143</u>	<u>211,035</u>	<u>201,173</u>	<u>465,607</u>	<u>445,715</u>	<u>91,138</u>	<u>40,001</u>	<u>2,701,731</u>	<u>2,458,170</u>

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Cash Flows
Proprietary Funds
Years ended June 30, 2020 and 2019
(In thousands)

	Business Type Activities – Proprietary Funds										SFPUC Total	
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Cash flows from operating activities:												
Cash received from customers, including cash deposits.....	\$ 565,100	540,479	343,966	328,729	34,843	33,836	142,063	145,652	245,843	138,871	1,331,815	1,187,567
Cash received from tenants for rent.....	11,921	12,837	640	653	127	124	157	151	—	—	12,845	13,765
Cash paid to employees for services.....	(127,216)	(124,905)	(89,751)	(84,071)	(15,959)	(14,445)	(39,924)	(38,129)	(4,401)	(3,708)	(277,251)	(265,258)
Cash paid to suppliers for goods and services.....	(133,064)	(126,412)	(99,755)	(107,233)	(21,185)	(25,172)	(77,267)	(72,853)	(184,310)	(122,604)	(515,581)	(454,274)
Cash paid for judgments and claims.....	(3,976)	(5,527)	(4,105)	(367)	(343)	(534)	(1,572)	(1,730)	(208)	(37)	(10,204)	(8,195)
Net cash provided by (used in) operating activities.....	312,765	296,472	150,995	137,711	(2,517)	(6,191)	23,457	33,091	56,924	12,522	541,624	473,605
Cash flows from non-capital financing activities:												
Cash received from grants.....	255	456	1,394	212	3,195	126	842	12	—	—	5,686	806
Cash received from settlements.....	914	—	—	—	—	—	—	195	—	—	914	195
Cash received from license fees.....	—	—	—	—	—	—	5,712	4,386	—	—	5,712	4,386
Cash received from miscellaneous revenues.....	5,771	5,955	1,511	897	998	30	16,252	5,066	1	—	24,533	11,948
Cash paid for rebates, program incentives, and other.....	(529)	(1,388)	(52)	(26)	(11)	—	(1,060)	(1,011)	—	—	(1,652)	(2,425)
Transfers from the City and County of San Francisco.....	1,220	1,200	280	—	14,000	20,000	—	4,522	—	—	15,500	25,722
Transfers to the City and County of San Francisco.....	(14,805)	(20,334)	(1,468)	(4,510)	—	—	(32)	(32)	—	—	(16,305)	(24,876)
Net cash provided by (used in) non-capital financing activities.....	(7,174)	(14,111)	1,665	(3,427)	18,182	20,156	21,714	13,138	1	—	34,388	15,756
Cash flows from capital and related financing activities:												
Proceeds from sale of capital assets.....	397	2,277	38	—	4	—	5	—	—	—	444	2,277
Proceeds from bond issuance, net of premium, discount, refunding loss, and issuance costs.....	613,002	—	—	663,103	—	—	—	—	—	—	613,002	663,103
Proceeds from commercial paper borrowings.....	201,018	121,024	4,390	53,639	—	—	12,811	30,444	—	—	218,219	205,107
Proceeds from State revolving fund loans.....	—	—	36,152	45,078	—	—	—	—	—	—	36,152	45,078
Principal paid on commercial paper.....	—	—	(87,949)	(25,000)	—	—	—	—	—	—	(87,949)	(25,000)
Principal paid on long-term debt.....	(720,633)	(79,221)	(22,796)	(21,686)	—	—	(2,894)	(2,828)	—	—	(746,323)	(103,735)
Principal paid on state revolving fund loans.....	—	—	(1,239)	(1,425)	—	—	—	—	—	—	(1,239)	(1,425)
Interest paid on commercial paper.....	(2,010)	(1,018)	(4,288)	(3,646)	—	—	(805)	(438)	—	—	(7,103)	(5,102)
Interest paid on long-term debt.....	(211,864)	(230,587)	(67,775)	(60,309)	—	—	(3,096)	(3,204)	—	—	(282,735)	(294,100)
Interest paid on state revolving fund loans.....	—	—	(787)	(232)	—	—	—	—	—	—	(787)	(232)
Issuance costs paid on long-term debt.....	(1,913)	(4)	(40)	(2,801)	—	—	—	—	—	—	(1,953)	(2,805)
Acquisition and construction of capital assets.....	(200,600)	(208,064)	(337,299)	(278,006)	(19,075)	(22,698)	(66,390)	(76,205)	—	—	(623,364)	(584,973)
Federal interest income subsidy.....	23,894	23,977	4,032	4,018	—	—	467	581	—	—	28,393	28,576
Net cash provided by (used in) capital and related financing activities.....	(298,709)	(371,616)	(477,561)	372,733	(19,071)	(22,698)	(59,902)	(51,650)	—	—	(855,243)	(73,231)
Cash flows from investing activities:												
Interest income received.....	10,001	10,829	15,087	12,654	1,816	1,274	5,847	4,277	1,187	428	33,938	29,462
Proceeds from sale of investment outside City Treasury.....	347,361	484,965	101,291	166,729	—	—	5,028	4,840	—	—	453,680	656,534
Purchase of investments outside City Treasury.....	(297,633)	(514,907)	(92,971)	(173,033)	—	—	(5,028)	(3,802)	—	—	(395,632)	(691,742)
Net cash provided by (used in) investing activities.....	59,729	(19,113)	23,407	6,350	1,816	1,274	5,847	5,315	1,187	428	91,986	(5,746)
Increase (decrease) in cash and cash equivalents.....	66,611	(108,368)	(301,494)	513,367	(1,590)	(7,459)	(8,884)	(106)	58,112	12,950	(187,245)	410,384
Cash and cash equivalents:												
Beginning of year.....	479,236	587,604	727,184	213,817	89,658	97,117	211,169	211,275	25,415	12,465	1,532,662	1,122,278
End of year.....	\$ 545,847	479,236	425,690	727,184	88,068	89,658	202,285	211,169	83,527	25,415	1,345,417	1,532,662
Reconciliation of cash and cash equivalents to the statements of net position:												
Cash and investments with City Treasury:												
Unrestricted.....	\$ 451,499	405,558	351,915	209,109	79,172	77,433	191,687	188,787	84,192	25,514	1,158,465	906,401
Restricted.....	—	2,224	55,132	483,885	9,768	12,673	8,060	19,195	—	—	72,960	517,977
Less: Unrealized gain on investments with City Treasury.....	(3,567)	(1,584)	(3,217)	(2,692)	(873)	(449)	(1,409)	(709)	(665)	(99)	(9,731)	(5,533)
Cash and investments outside City Treasury:												
Unrestricted.....	353	254	356	274	1	1	1	—	—	—	711	529
Restricted.....	97,562	122,512	21,504	44,928	—	—	3,946	3,896	—	—	123,012	171,336
Less: Restricted (with maturity more than 90 days – see table in Note 3).....	—	(49,728)	—	(8,320)	—	—	—	—	—	—	—	(58,048)
Cash and cash equivalents at end of year on statements of cash flows... \$	545,847	479,236	425,690	727,184	88,068	89,658	202,285	211,169	83,527	25,415	1,345,417	1,532,662

(Continued)

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Cash Flows
Proprietary Funds
Years ended June 30, 2020 and 2019
(In thousands)

	Business Type Activities – Proprietary Funds											
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:												
Operating income (loss).....	\$ 185,234	185,297	81,869	71,268	(9,920)	(16,300)	(7,256)	20,873	49,434	30,536	299,361	291,674
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:												
Depreciation and amortization.....	142,228	120,815	62,967	60,033	5,276	5,380	15,723	14,484	—	—	226,194	200,712
Provision for uncollectible accounts.....	781	147	908	149	—	—	572	(33)	1,225	279	3,486	542
Write-off of capital assets and other non-cash items.....	5,285	1,286	4,728	8,386	1,062	5,948	11,175	153	—	—	22,250	15,773
Changes in operating assets and liabilities:												
Receivables:												
Charges for services.....	(5,585)	(898)	(870)	(2,674)	50	(51)	2,265	1,502	(1,148)	(29,697)	(5,288)	(31,818)
Due from other City departments.....	323	(370)	(129)	(184)	(104)	—	(1,627)	2,792	—	—	(1,537)	2,238
Prepaid charges, advances, and other.....	(1,343)	(1,021)	(79)	508	(46)	3	1,994	(2,234)	(216)	(106)	310	(2,850)
Inventory.....	(351)	135	(192)	(202)	11	(12)	(192)	(1,202)	—	—	(724)	(1,281)
Accounts payable.....	(2,050)	(2,930)	1,912	52	358	(210)	65	(375)	5,696	12,130	5,981	8,667
Accrued payroll.....	1,548	283	858	258	243	7	494	150	41	106	3,184	804
Other post-employment benefits obligations.....	(3,739)	(5,870)	(1,562)	(2,484)	(277)	462	(337)	564	1,889	560	(4,026)	(6,768)
Pension obligations.....	(7,351)	(8,710)	(1,603)	(3,958)	45	(1,729)	56	(2,114)	1,509	91	(7,344)	(16,420)
Accrued vacation and sick leave.....	1,520	(586)	1,637	862	258	65	314	79	80	147	3,809	567
Accrued workers' compensation.....	(1,162)	(621)	137	130	(51)	249	(61)	301	—	—	(1,137)	59
Due to other City departments.....	674	(96)	1	—	240	—	250	350	(1,991)	(2,000)	(826)	(1,746)
Wholesale balancing account.....	28	8,963	—	—	—	—	—	—	—	—	28	8,963
Damage claims liability.....	(742)	(1,893)	(477)	2,302	334	(9)	169	(180)	99	7	(617)	227
Unearned revenues, refunds, and other liabilities.....	(1,916)	2,658	590	468	4	6	(147)	(2,019)	306	469	(1,163)	1,582
Pollution remediation obligations.....	(617)	(117)	300	2,797	—	—	—	—	—	—	(317)	2,680
Total adjustments.....	127,531	111,175	69,126	66,443	7,403	10,109	30,713	12,218	7,490	(18,014)	242,263	181,931
Net cash provided by (used in) operating activities.....	\$ 312,765	296,472	150,995	137,711	(2,517)	(6,191)	23,457	33,091	56,924	12,522	541,624	473,605
Noncash transactions:												
Accrued capital asset costs.....	\$ 29,951	31,915	85,355	42,931	3,279	4,337	8,459	5,285	—	—	127,044	84,468
Land aquired through real property exchange.....	63,600	—	—	—	—	—	—	—	—	—	63,600	—
Interfund payables.....	674	—	849	955	—	—	—	—	1,800	3,731	3,323	4,686
Interfund receivables.....	—	—	—	—	—	—	3,323	4,686	—	—	3,323	4,686
Unrealized (gain) on investments.....	(3,567)	(1,584)	(3,217)	(2,692)	(873)	(449)	(1,409)	(709)	(665)	(99)	(9,731)	(5,533)

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2020 and 2019

(Dollars in thousands, unless otherwise stated)

(1) Description of Reporting Entity

The San Francisco Public Utilities Commission (the Commission), established in 1932, is responsible for providing operational oversight of the public utility enterprises of the City, which include the Water, Wastewater, Hetchy Water and Power and CleanPowerSF. The Commission is responsible for determining such matters as the rates and charges for services, approval of contracts, and organizational policy.

Until August 1, 2008, the Commission consisted of five members, all appointed by the Mayor. Proposition E, a City and County of San Francisco Charter amendment approved by the voters in the June 3, 2008 election, terminated the terms of all five existing members of the Commission, changed the process for appointing new members, and set qualifications for all members. Under the amended Charter, the Mayor continues to nominate candidates to the Commission, but nominees do not take office until the Board of Supervisors votes to approve their appointments by a majority (at least six members). The amended Charter provides for staggered four-year terms for the Commission members and requires them to meet the following qualifications:

- Seat 1 must have experience in environmental policy and an understanding of environmental justice issues.
- Seat 2 must have experience in ratepayer or consumer advocacy.
- Seat 3 must have experience in project finance.
- Seat 4 must have expertise in water systems, power systems, or public utility management.
- Seat 5 is an at-large member.

The SFPUC is a department of the City, and as such, the financial operations of the Water Enterprise, the Wastewater Enterprise, and Hetchy Water and Hetchy Power and CleanPowerSF (Hetch Hetchy) are included in the Comprehensive Annual Financial Report of the City as enterprise funds. These financial statements are intended to present only the financial position, and the changes in financial position and cash flows of only the portion of the City that is attributable to the transactions of the enterprises. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, the cash flows for the years then ended in conformity with U.S. generally accepted accounting principles (GAAP).

Water Enterprise

The San Francisco Water Enterprise was established in 1930 under the provisions of the Charter of the City and County of San Francisco (the City). The Water Enterprise acquired the fully developed, mature water works for San Francisco on March 3, 1930. Since then, the City has operated and maintained the water works as the San Francisco Water Enterprise. The Board of Supervisors of the City has adopted resolutions (the Water Resolutions) providing for the issuance of various water revenue and refunding bond series. The Water Resolutions require the City to keep separate books of records and accounts of the Water Enterprise. The Water Enterprise, which consists of a system of reservoirs, storage tanks, water treatment plants, pump stations, and pipelines, is engaged in the distribution of water to San Francisco and certain suburban areas. In fiscal year 2020, the Water Enterprise sold approximately 69,934 million gallons, i.e., about 191 million gallons per day of water, to approximately 2.7 million people within San Francisco and certain suburban areas.

Wastewater Enterprise

The San Francisco Wastewater Enterprise, formerly known as the San Francisco Clean Water Program (the Program), was established in 1977 following the transfer of all sewage system related assets and liabilities of the City to the Program.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2020 and 2019

(Dollars in thousands, unless otherwise stated)

In 1976, the electorate of the City approved a proposition authorizing the City to issue \$240,000 in revenue bonds pursuant to the Revenue Bond Law of 1941 of the State of California for the purpose of acquiring, constructing, improving, and financing improvements to the City's municipal sewage treatment and disposal system. Since then, the City's Board of Supervisors has adopted resolutions (Wastewater Resolutions) providing for the issuance of various sewer revenue and refunding bond series. The Wastewater Resolutions require the City to keep separate books of records and accounts of the Wastewater Enterprise.

Hetch Hetchy

San Francisco Hetch Hetchy Water and Power (Hetch Hetchy) was established as a result of the Raker Act of 1913, which granted water and power resources rights-of-way on the Tuolumne River in Yosemite National Park and Stanislaus National Forest to the City and County of San Francisco (the City). CleanPowerSF, launched in May 2016, provides green electricity from renewable sources to residential and commercial customers in San Francisco and was reported as part of Hetch Hetchy starting fiscal year 2016. Hetch Hetchy is a stand-alone enterprise comprised of three funds, Hetchy Power (aka the Power Enterprise), CleanPowerSF and Hetchy Water, the portion of the Water Enterprise's operations, specifically the upcountry water supply and transmission service. Hetch Hetchy accounts for the activities of Hetch Hetchy Water and Power and is engaged in the collection and conveyance of approximately 85% of the regional system's water supply and in the generation and transmission of electricity from that resource, as well as the City Power services including energy efficiency and renewable.

Approximately 86% of the electricity generated by Hetchy Power is used to provide electric service to the City's municipal customers (including the San Francisco Municipal Transportation Agency, Recreation and Parks Department, the Port of San Francisco, the San Francisco International Airport and its tenants, Zuckerberg San Francisco General Hospital and Trauma Center, streetlights, Moscone Convention Center, and the Water and Wastewater Enterprises). The majority of the remaining 14% balance of electricity is sold to CleanPowerSF and other publicly owned utilities. As a result of the 1913 Raker Act, energy produced above the City's Municipal Load is sold first to the Districts to cover their agricultural pumping and municipal load needs and any remaining energy is either sold to other municipalities and/or government agencies (not for resale) or sold into the CAISO. Hetch Hetchy operation is an integrated system of reservoirs, hydroelectric power plants, aqueducts, pipelines, and transmission lines.

Hetch Hetchy also purchases wholesale electric power from various energy providers that are used in conjunction with owned hydro resources to meet the power requirements of its customers. Operations and business decisions can be greatly influenced by market conditions, state and federal power matters before the California Public Utilities Commission (CPUC), the CAISO, and the Federal Energy Regulatory Commission (FERC). Therefore, Hetch Hetchy serves as the City's representative at CPUC, CAISO, and FERC forums and continues to monitor regulatory proceedings.

(2) Significant Accounting Policies

(a) Basis of Accounting and Measurement Focus

Fund Financial Statements

The accounts of Water, Wastewater, Hetchy Water, Hetchy Power and CleanPowerSF are organized on the basis of a proprietary fund type and are included as enterprise funds of the City. The activities are accounted for with a separate set of self-balancing accounts that comprise the funds' assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2020 and 2019

(Dollars in thousands, unless otherwise stated)

that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The financial activities of Water, Wastewater, Hetchy Water, Hetchy Power and CleanPowerSF are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting in accordance with U.S. GAAP. Under this method, all assets and liabilities associated with its operations are included on the statements of net position; revenues are recognized when earned, and expenses are recognized when liabilities are incurred. Water and Wastewater Enterprises' operating revenues are defined as charges to customers, rental income, capacity fees and other revenues while Hetchy Water, Hetchy Power and CleanPowerSF's operating revenues are defined as charges to customers and rental incomes. Operating expenses include the costs of delivering services, administrative expenses, and depreciation and amortization on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The SFPUC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

(b) Cash and Cash Equivalents

The SFPUC considers its pooled deposits and investments held with the City Treasury to be demand deposits and, therefore, cash and cash equivalents for financial reporting. The City Treasury also holds non-pooled cash and investments for the SFPUC. Non-pooled restricted deposits and restricted deposits and investments held outside the City Treasury with original maturities of three months or less are also considered to be cash equivalents.

(c) Investments

Money market funds are carried at cost, which approximates fair value. All other investments are stated at fair value based upon quoted market prices. Changes in fair value are recognized as investment gains or losses and are recorded as a component of non-operating revenues.

(d) Inventory

Inventory consists primarily of construction materials and maintenance supplies and is valued at average cost. Inventory is expensed as it is consumed.

(e) Capital Assets

Capital assets are defined as assets with an initial individual cost of more than \$5 and an estimated useful life in excess of one year. Capital assets with an original acquisition date prior to July 1, 1977 are recorded in the financial statements at estimated cost, as determined by an independent professional appraisal, or at cost, if known. All subsequent acquisitions have been recorded at cost. All donated capital assets are valued at acquisition value at the time of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 1 to 100 years for equipment and 1 to 200 years for buildings, structures, and improvements. No depreciation or amortization is recorded in the year of acquisition, and depreciation or amortization is recorded in the year of disposal.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2020 and 2019

(Dollars in thousands, unless otherwise stated)

(f) Intangible Assets

Under GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, intangible assets are defined as identifiable, non-financial assets capable of being separated, sold, transferred, or licensed, and include contractual or legal rights. Examples of intangible assets include rights-of-way easements, land use rights, water rights, licenses, and permits. The accounting pronouncement also provides guidance on the capitalization of internally generated intangible assets, such as the development and installation of computer software by or on behalf of the reporting entity.

According to the standard, the SFPUC is required to capitalize intangible assets with a useful life extending beyond one reporting period. The SFPUC has established a capitalization threshold of \$100. GASB Statement No. 51 also requires amortization of intangible assets over the benefit period, except for certain assets having an indefinite useful life. Assets with an indefinite useful life generally provide a benefit that is not constrained by legal or contractual limitations or any other external factor, and therefore, are not amortized (see Note 4).

(g) Construction Work in Progress

The cost of acquisition and construction of major plant and equipment is recorded as construction work in progress. Costs of discontinued construction projects are recorded as an expense in the year in which the decision is made to discontinue such projects.

(h) Capitalization of Interest

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets (see Note 4).

(i) Bond Discount, Premium, and Issuance Costs

Bond issuance costs related to prepaid insurance costs are capitalized and amortized using the effective interest method. Other bond issuance costs are expensed when incurred. Original issue bond discount or premium are offset against the related debt and are also amortized using the effective interest method.

(j) Accrued Vacation and Sick Leave

Accrued vacation pay, which may be accumulated up to ten weeks per employee, is charged to expense as earned. Sick leave earned subsequent to December 6, 1978 is non-vesting and may be accumulated up to six months per employee.

(k) Workers' Compensation

The SFPUC is self-insured for workers' compensation claims and accrues the estimated cost of those claims, including the estimated cost of incurred but not reported claims (see Note 14(b)).

(l) General Liability

The SFPUC is self-insured for general liability and uninsurable property damage claims. Commercially uninsurable property includes assets that are underground or provide transmission and distribution. Maintained commercial coverage does not cover claims attributed to loss from earthquake, contamination, pollution remediation efforts, and other specific naturally occurring contaminants such as mold. The liability represents an estimate of

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the cost of all outstanding claims, including adverse loss development, and estimated incurred but not reported claims (see Note 14(a)).

(m) Arbitrage Rebate Payable

Certain bonds are subject to arbitrage rebate requirements in accordance with regulations issued by the U.S. Treasury Department. The requirements generally stipulate that earnings from the investment of the tax-exempt bond proceeds that exceed related interest costs on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The Water Enterprise, Wastewater Enterprise, Hetch Hetchy Water and Power and CleanPowerSF Enterprise did not have arbitrage rebate liability as of June 30, 2020 and 2019.

(n) Refunding of Debt

Gains or losses occurring from refunding of debt prior to maturity are reported as deferred outflows and deferred inflows of resources from refunding of debt. Deferred outflows and deferred inflows of resources are recognized as a component of interest expense using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(o) Income Taxes

As a department of a government agency, the SFPUC is exempt from both federal income taxes and California State franchise taxes.

(p) Revenue Recognition

Charges for water, wastewater, and power services are based on usage. Effective July 1, 2013, the majority of residential and non-residential customers are billed on a monthly basis except for building and contractor customers which are billed on a bi-monthly basis by the Water and Wastewater Enterprises. Hetchy Water, Hetchy Power and CleanPowerSF revenues are based on consumption and billing rates. Generally, customers are billed monthly. Revenues earned but unbilled are accrued as charges for services and reflected as a receivable on the Statements of Net Position. The unbilled amounts for the fiscal years ending June 30, 2020 and 2019 are as follow:

Fiscal Years Ending June 30			Hetchy		CleanPowerSF	SFPUC
	Water	Wastewater	Water	Power		Total
2020	\$ 29,876	13,429	–	350	15,730	59,385
2019	29,032	13,991	–	500	17,308	60,831

(q) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(r) Eliminations

Eliminations for internal activities between Wastewater, Hetchy Power and CleanPowerSF are made in the *Statements of Net Position*. There were activities requiring eliminations during the fiscal years ended June 30, 2020 and 2019.

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(s) ***Accounting and Financial Reporting for Pollution Remediation Obligations***

According to GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted, and any of the following recognition triggers occur:

- Pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem;
- A government has violated a pollution prevention-related permit or license;
- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the cleanup;
- A government is named (or evidence indicates that it will be named) in a lawsuit to compel it to address the pollution; or
- A government begins or legally obligates itself to begin cleanup or post-cleanup activities (limited to amounts the government is legally required to complete).

As a part of ongoing operations, situations may occur requiring the removal of pollution or other hazardous material. These situations typically arise in the process of acquiring an asset, preparing an asset for its intended use, or during the design phase of projects under review by the project managers. Other times, pollution may arise during the implementation and construction of a major or minor capital project. Examples of pollution may include, but are not limited to: asbestos or lead paint removal; leaking of sewage in underground pipes or neighboring areas, chemical spills, removal and disposal of known toxic waste, harmful biological and chemical pollution of water, or contamination of surrounding soils by underground storage tanks (see Note 15(d)).

(t) ***Other Post-employment Benefits Other than Pensions (OPEB)***

As prescribed under GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense are actuarially determined on a citywide basis. Net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees attributed to those employees' past service, less the amount of the Retiree Healthcare Trust Fund investments measured at fair value (see Note 12(b)).

(u) ***New Accounting Standards Adopted in Fiscal Year 2020***

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. The SFPUC adopted the provisions of this Statement in fiscal year 2020.

(v) ***GASB Statements Implemented in Fiscal Year 2019***

- 1) In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. GASB Statement No. 83 establishes accounting and financial reporting standards for certain asset retirement obligations (AROs). The new standard is effective for

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periods beginning after June 15, 2018. The SFPUC adopted the provisions of this Statement, which did not have a significant impact on its financial statements.

- 2) In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. The new standard is effective for periods beginning after June 15, 2018. The SFPUC adopted the provisions of this Statement. Refer to Notes 6 and 7 for details.

(w) Future Implementation of New Accounting Standards

- 1) In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. GASB Statement No. 84 establishes criteria for state and local governments to identify fiduciary activities and how those activities should be reported. The new standard is effective for periods beginning after December 15, 2019. The SFPUC will implement the provisions of Statement No. 84 in fiscal year 2021.
- 2) In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 establishes a single model for lease accounting and requires reporting of certain lease liabilities that currently are not reported. The new standard is effective for periods beginning after June 15, 2021. The SFPUC will implement the provisions of Statement No. 87 in fiscal year 2022.
- 3) In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The new standard is effective for periods beginning after December 15, 2020. The SFPUC will implement the provisions of Statement No. 89 in fiscal year 2022.
- 4) In August 2018, the GASB issued Statement No. 90, *Accounting and Financial Reporting for Majority Equity Interests*. GASB Statement No. 90 provides clarification when a government should report a majority equity interest in a legally separate organization as either a component unit or an investment. The new standard is effective for periods beginning after December 15, 2019. The SFPUC will implement the provisions of Statement No. 90 in fiscal year 2021.
- 5) In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 enhances the compatibility and consistency of conduit debt obligation reporting and reporting of related transactions by State and local government issuers. The new standard is effective for periods beginning after December 15, 2021. The SFPUC will implement the provisions of Statement No. 91 in fiscal year 2023.
- 6) In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses practice issues that have been identified during implementation and application of certain GASB Statements. The new standard is effective for periods beginning after June 15, 2021. The SFPUC will implement the provisions of Statement No. 92 in fiscal year 2022.
- 7) In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The new

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standard is effective for periods beginning after June 15, 2021. The SFPUC will implement the provisions of Statement No. 93 in fiscal year 2022.

- 8) In March 2020, the GASB Issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The new standard is effective for periods beginning after June 15, 2022. The SFPUC will implement the provisions of Statement No. 94 in fiscal year 2023.
- 9) In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) by a government. The new standard is effective for periods beginning after June 15, 2022. The SFPUC will implement the provisions of Statement No. 96 in fiscal year 2023.
- 10) In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32. GASB Statement No. 97 clarifies rules related to reporting of fiduciary activities under Statements No. 14 and No. 84 and enhances the accounting and financial reporting of IRS Code section 457 plans that meet the definition of a pension plan. The new standard is effective for periods beginning after June 15, 2021. The SFPUC will implement the provisions of Statement No. 97 in fiscal year 2022.

(3) Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments with the City Treasury are invested in an unrated City pool pursuant to investment policy guidelines established by the City Treasurer. The objectives of the policy guidelines are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The City Treasurer allocates income from the investment of pooled cash at month-end in proportion to SFPUC's average daily cash balances. The primary objectives of SFPUC's investment policy are consistent with the City's policy.

The SFPUC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities.

Commercial paper is valued using a variety of techniques such as matrix pricing; market corroborated pricing inputs such as yield curve, indices, and other market related data. Commercial paper, money market investments, and cash and cash equivalents are exempt from fair value treatment under GASB Statement No. 72.

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Department-wide Business Type Activities

Department-wide restricted and unrestricted cash and investments outside City Treasury as of June 30, 2020 and 2019 consist of the following:

SFPUC's Cash and Investments outside City Treasury					Fair Value Measurements Using			
Investments	Credit Ratings (S&P/Moody's)	June 30, 2020		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)	
		Maturities	Fair Value					
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 109,764	109,764	-	-	-	
Money Market Funds	A-1+/P-1	< 90 days	170	170	-	-	-	
Cash and Cash Equivalents	N/A		13,078	13,078	-	-	-	
Total Restricted Cash and Investments outside City Treasury			\$ 123,012	123,012	-	-	-	
Cash and Cash Equivalents	N/A		711	711	-	-	-	
Total Cash and Investments outside City Treasury			\$ 711	711	-	-	-	

SFPUC's Cash and Investments outside City Treasury					Fair Value Measurements Using			
Investments	Credit Ratings (S&P/Moody's)	June 30, 2019		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable Inputs (Level 2)	Unobservable Inputs (Level 3)	
		Maturities	Fair Value					
Commercial Paper	A-1/P-1	October 31, 2019	\$ 58,048	58,048	-	-	-	
Commercial Paper	A-1+/P-1	September 10, 2019	352	352	-	-	-	
Commercial Paper	A-1/P-1	July 1, 2019	12,332	12,332	-	-	-	
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	100,525	100,525	-	-	-	
Money Market Funds	A-1+/P-1	< 90 days	61	61	-	-	-	
Cash and Cash Equivalents	N/A		18	18	-	-	-	
Total Restricted Cash and Investments outside City Treasury			\$ 171,336	171,336	-	-	-	
Cash and Cash Equivalents	N/A		529	529	-	-	-	
Total Cash and Investments outside City Treasury			\$ 529	529	-	-	-	

Department-wide cash, cash equivalents, and investments are shown on the accompanying statements of net position as follows:

	2020	2019
Current assets:		
Cash and investments with City Treasury	\$ 1,158,465	906,401
Cash and investments outside City Treasury	711	529
Restricted cash and investments outside City Treasury	27,832	171,336
Non-current assets:		
Restricted cash and investments with City Treasury	72,960	517,977
Restricted cash and investments outside City Treasury	95,180	-
Total cash, cash equivalents, and investments	\$ 1,355,148	1,596,243

The following table shows the percentage distribution of the City's pooled investments by maturity:

Fiscal Years ended June 30	Investment maturities (in months)			
	Under 1	1 to less than 6	6 to less than 12	12 to 60
2020	30.1%	32.4%	15.6%	21.9%
2019	17.4%	22.2%	16.3%	44.1%

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Water Enterprise

Restricted assets are held by an independent trustee outside the City’s investment pool. The assets are held for the purpose of paying future interest and principal on the bonds and for eligible capital project expenditures. The current balances as of June 30, 2020 and 2019 were \$97,562 and \$122,512, respectively. The Water Enterprise held all investments in guaranteed investment contracts, treasury and government obligations, commercial paper, corporate bonds, and notes, as well as money market mutual funds consisting of Treasury and Government Obligations.

Funds held by the trustee established under the 2002 Amended and Restated Indentures agreements are invested in “Permitted Investments,” as defined in the agreement, which includes money market funds and investment agreements. The agreement permits investment in money market funds registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and have a rating by S&P of “AAAm-G,” “AAAm,” or “AAm,” and a rating by Moody’s of “Aaa,” “Aa1,” or “Aa2”. The credit ratings of the money market funds invested in as of June 30, 2020 were “Aaa-mf” and “P-1” by Moody’s, and “AAAm” and “A-1+” by S&P. The credit ratings of the money market funds invested in as of June 30, 2019 were “Aaa-mf” and “P-1” by Moody’s, and “AAAm” and “A-1+” by S&P. Investment agreements must be with a U.S. bank or trust company that have a rating by Moody’s and S&P of “A” or higher, or are guaranteed by any entity with a rating of “A” or higher, at the time the agreement is entered.

The following tables present the Water Enterprise’s restricted and unrestricted cash and investments outside City Treasury as of June 30, 2020 and 2019:

Investments	Credit Ratings (S&P/Moody's)	June 30, 2020		Investments exempt from fair value	Fair Value Measurements Using		
		Maturities	Fair Value		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 84,463	84,463	–	–	–
Money Market Funds	A-1+/P-1	< 90 days	46	46	–	–	–
Cash and Cash Equivalents	N/A		13,053	13,053	–	–	–
Total Restricted Cash and Investments outside City Treasury			\$ 97,562	97,562	–	–	–
Cash and Cash Equivalents	N/A		353	353	–	–	–
Total Cash and Investments outside City Treasury			\$ 353	353	–	–	–

Investments	Credit Ratings (S&P/Moody)	June 30, 2019		Investments exempt from fair value	Fair Value Measurements Using		
		Maturities	Fair Value		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
Commercial Paper	A-1/P-1	October 31, 2019	\$ 49,728	49,728	–	–	–
Commercial Paper	A-1+/P-1	September 10, 2019	352	352	–	–	–
Commercial Paper	A-1/P-1	July 1, 2019	12,332	12,332	–	–	–
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	60,061	60,061	–	–	–
Money Market Funds	A-1+/P-1	< 90 days	38	38	–	–	–
Cash and Cash Equivalents	N/A		1	1	–	–	–
Total Restricted Cash and Investments outside City Treasury			\$ 122,512	122,512	–	–	–
Cash and Cash Equivalents	N/A		254	254	–	–	–
Total Cash and Investments outside City Treasury			\$ 254	254	–	–	–

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The restricted cash and investments outside City Treasury as of June 30, 2020 and 2019 included an unrealized gain due to changes in fair value on commercial paper of \$0 and \$123, respectively.

Additional cash outside of the investment pool included revolving fund and cash in transit. The revolving fund has a balance of \$28 and \$28 at June 30, 2020 and 2019, respectively, which is held in a commercial bank in non-interest bearing checking accounts covered by Federal Deposit Insurance Corporation depository insurance. These accounts were established as provided by the City’s Administrative Code for revolving fund needs. The cash in transit was \$325 and \$226 at June 30, 2020 and 2019, respectively.

The Water Enterprise’s cash, cash equivalents, and investments are shown on the accompanying Statements of Net Position as follows:

	<u>2020</u>	<u>2019</u>
Current assets:		
Cash and investments with City Treasury	\$ 451,499	405,558
Cash and investments outside City Treasury	353	254
Restricted cash and investments outside City Treasury	16,638	122,512
Non-current assets:		
Restricted cash and investments with City Treasury	—	2,224
Restricted cash and investments outside City Treasury	80,924	—
Total cash, cash equivalents, and investments	<u>\$ 549,414</u>	<u>530,548</u>

Wastewater Enterprise

The restricted cash for bond reserves is held by an independent trustee outside the City investment pool. The balances as of June 30, 2020 and 2019 were \$21,504 and \$44,928, respectively. Funds held by the trustee established under the 2003 Indenture are invested in “Permitted Investments” as defined in the Indenture. “Permitted Investments” include money market funds registered under the Federal Investment Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933 and having a rating by S&P of “AAAm-G,” “AAAm,” or “AAm” and a rating by Moody’s of “Aaa,” “Aa1,” or “Aa2.”

The following tables present the Wastewater Enterprise’s restricted and unrestricted cash and investments outside City Treasury as of June 30, 2020 and 2019:

Wastewater's Cash and Investments outside City Treasury							
Investments	Credit Ratings (S&P/Moody's)	June 30, 2020		Investments exempt from fair value	Fair Value Measurements Using		
					Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
		Maturities	Fair Value				
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 21,372	21,372	—	—	—
Money Market Funds	A-1+/P-1	< 90 days	124	124	—	—	—
Cash and Cash Equivalents	N/A		8	8	—	—	—
Total Restricted Cash and Investments outside City Treasury			<u>\$ 21,504</u>	<u>21,504</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash and Cash Equivalents	N/A		356	356	—	—	—
Total Cash and Investments outside City Treasury			<u>\$ 356</u>	<u>356</u>	<u>—</u>	<u>—</u>	<u>—</u>

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Wastewater's Cash and Investments outside City Treasury

Investments	Credit Ratings (S&P/Moody's)	June 30, 2019		Investments exempt from fair value	Fair Value Measurements Using		
		Maturities	Fair Value		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
Commercial Paper	A-1/P-1	October 31, 2019	\$ 8,320	8,320	—	—	—
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	36,578	36,578	—	—	—
Money Market Funds	A-1+/P-1	< 90 days	23	23	—	—	—
Cash and Cash Equivalents	N/A		7	7	—	—	—
Total Restricted Cash and Investments outside City Treasury			\$ 44,929	44,929	—	—	—
Cash and Cash Equivalents	N/A		274	274	—	—	—
Total Cash and Investments outside City Treasury			\$ 274	274	—	—	—

The restricted cash and investments outside City Treasury as of June 30, 2020 and 2019 included a \$0 and \$21 unrealized gain due to changes in fair values on Commercial Paper.

The Wastewater Enterprise's cash, cash equivalents, and investments are shown on the accompanying Statements of Net Position as follows:

	2020	2019
Current assets:		
Cash and investments with City Treasury	\$ 351,915	209,109
Cash and investments outside City Treasury	356	274
Restricted cash and investments outside City Treasury	11,043	44,928
Non-current assets:		
Restricted cash and investments with City Treasury	55,132	483,885
Restricted cash and investments outside City Treasury	10,461	—
Total cash, cash equivalents, and investments	\$ 428,907	738,196

Hetch Hetchy

Restricted assets are held by an independent trustee outside the City's investment pool. The assets are held for the purpose of paying future interest and principal on the bonds and for eligible capital project expenditures. The balances as of June 30, 2020 and 2019 were \$3,946 and \$3,896, respectively. Hetch Hetchy held all investments in guaranteed investment contracts, treasury and government obligations, commercial paper, corporate bonds, and notes, as well as money market mutual funds consisting of treasury and government obligations. The balance as of June 30, 2020 included 2015 Series A bonds proceeds of \$2,193, certificates of participation proceeds of \$1,220, 2015 Series B bonds proceeds of \$516, commercial paper of \$17, and \$2 held at a commercial bank in a non-interest-bearing checking account that is covered by depository insurance. The balance as of June 30, 2019 included 2015 Series A bonds proceeds of \$2,167, certificates of participation proceeds of \$1,209, 2015 Series B bonds proceeds of \$510, commercial paper of \$10, and \$1 held at a commercial bank in a non-interest bearing checking account that is covered by depository insurance.

Hetch Hetchy did not have any unrealized gain and loss in the restricted cash and investments outside City Treasury as of June 30, 2020 and 2019.

For fiscal year 2020 and 2019, proceeds from 2015 Series A and B bonds held as restricted cash and investments outside City Treasury in the amount of \$2,709 and \$2,677 were invested in U.S. Treasury Money Market with maturity date less than 90 days, respectively. The credit ratings of the U.S. Treasury Money Market as of June 30, 2020 and 2019 were "AAAm" by S&P and "Aaa-mf" by Moody's.

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The following tables present the Hetch Hetchy restricted and unrestricted cash and investments outside City Treasury as of June 30, 2020 and 2019:

Hetchy Water and Hetchy Power's Cash and Investments outside City Treasury							
Investments	Credit Ratings (S&P/Moody's)	June 30, 2020		Investments exempt from fair value	Fair Value Measurements Using		
		Maturities	Fair Value		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
Hetchy Water							
Cash and Cash Equivalents	N/A		\$ 1	1	-	-	-
Total Cash and Investments outside City Treasury			\$ 1	1	-	-	-
Hetchy Power							
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 3,929	3,929	-	-	-
Cash and Cash Equivalents	N/A		17	17	-	-	-
Total Restricted Cash and Investments outside City Treasury			\$ 3,946	3,946	-	-	-
Cash and Cash Equivalents	N/A		1	1	-	-	-
Total Cash and Investments outside City Treasury			\$ 1	1	-	-	-

Hetchy Water and Hetchy Power's Cash and Investments outside City Treasury							
Investments	Credit Ratings (S&P/Moody's)	June 30, 2019		Investments exempt from fair value	Fair Value Measurements Using		
		Maturities	Fair Value		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
Hetchy Water							
Cash and Cash Equivalents	N/A		\$ 1	1	-	-	-
Total Cash and Investments outside City Treasury			\$ 1	1	-	-	-
Hetchy Power							
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 3,886	3,886	-	-	-
Cash and Cash Equivalents	N/A		10	10	-	-	-
Total Restricted Cash and Investments outside City Treasury			\$ 3,896	3,896	-	-	-

Hetch Water and Hetchy Power and CleanPowerSF cash, cash equivalents, and investments as of June 30, 2020 and 2019 are shown on the accompanying Statements of Net Position as follows:

	Hetchy Water	Hetchy Power	CleanPowerSF	Total 2020
Current assets:				
Cash and investments with City Treasury	\$ 79,172	191,687	84,192	355,051
Cash and investments outside City Treasury	1	1	-	2
Restricted cash and investments outside City Treasury	-	151	-	151
Non-current assets:				
Restricted cash and investments with City Treasury	9,768	8,060	-	17,828
Restricted cash and investments outside City Treasury	-	3,795	-	3,795
Total cash, cash equivalents, and investments	\$ 88,941	203,694	84,192	376,827
	Hetchy Water	Hetchy Power	CleanPowerSF	Total 2019
Current assets:				
Cash and investments with City Treasury	\$ 77,433	188,787	25,514	291,734
Cash and investments outside City Treasury	1	-	-	1
Restricted cash and investments outside City Treasury	-	3,896	-	3,896
Non-current assets:				
Restricted cash and investments with City Treasury	12,673	19,195	-	31,868
Total cash, cash equivalents, and investments	\$ 90,107	211,878	25,514	327,499

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(4) Capital Assets

Department-wide Business Type Activities

Capital assets with a useful life of 50 years or greater include buildings and structures, reservoirs, dams, treatment plants, pump stations, certain water mains and pipelines, sewer systems, transmission and distributions systems, tunnels, and bridges.

Department-wide capital assets as of June 30, 2020 and 2019 consist of the following:

	<u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>2020</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 71,228	83,929	(68)	155,089
Intangible assets	5,162	—	—	5,162
Construction work in progress	1,387,840	714,019	(509,762) *	1,592,097
Total capital assets not being depreciated and amortized	<u>1,464,230</u>	<u>797,948</u>	<u>(509,830)</u>	<u>1,752,348</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	9,939,123	461,421	—	10,400,544
Intangible assets	73,453	374	—	73,827
Machinery and equipment	544,492	14,436	(1,760)	557,168
Total capital assets being depreciated and amortized	<u>10,557,068</u>	<u>476,231</u> *	<u>(1,760)</u>	<u>11,031,539</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(2,957,715)	(200,134)	3	(3,157,846)
Intangible assets	(43,762)	(2,699)	—	(46,461)
Machinery and equipment	(358,728)	(23,568)	1,760	(380,536)
Total accumulated depreciation and amortization	<u>(3,360,205)</u>	<u>(226,401)</u>	<u>1,763</u>	<u>(3,584,843)</u>
Total capital assets being depreciated and amortized, net	<u>7,196,863</u>	<u>249,830</u>	<u>3</u>	<u>7,446,696</u>
Total capital assets, net	\$ <u>8,661,093</u>	<u>1,047,778</u>	<u>(509,827)</u>	<u>9,199,044</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated is mainly explained by \$22,250 in capital project writeoffs for Water, Wastewater, Hetchy Water and Hetchy Power. The remaining difference of \$11,281 is related to \$20,328 of construction work in progress transferred to land offset by \$9,047 direct additions to intangible assets and machinery and equipment.

	<u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>2019</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 70,947	291	(10)	71,228
Intangible assets	5,162	—	—	5,162
Construction work in progress	2,161,089	638,405	(1,411,654) *	1,387,840
Total capital assets not being depreciated and amortized	<u>2,237,198</u>	<u>638,696</u>	<u>(1,411,664)</u>	<u>1,464,230</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	8,568,323	1,374,144	(3,344)	9,939,123
Intangible assets	72,787	666	—	73,453
Machinery and equipment	516,657	28,330	(495)	544,492
Total capital assets being depreciated and amortized	<u>9,157,767</u>	<u>1,403,140</u> *	<u>(3,839)</u>	<u>10,557,068</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(2,783,248)	(175,721)	1,254	(2,957,715)
Intangible assets	(40,993)	(2,769)	—	(43,762)
Machinery and equipment	(336,943)	(22,222)	437	(358,728)
Total accumulated depreciation and amortization	<u>(3,161,184)</u>	<u>(200,712)</u>	<u>1,691</u>	<u>(3,360,205)</u>
Total capital assets being depreciated and amortized, net	<u>5,996,583</u>	<u>1,202,428</u>	<u>(2,148)</u>	<u>7,196,863</u>
Total capital assets, net	\$ <u>8,233,781</u>	<u>1,841,124</u>	<u>(1,413,812)</u>	<u>8,661,093</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated is mainly explained by \$15,773 in capital project write-offs for Water, Wastewater, Hetchy Water and Hetchy Power.

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Water Capital Assets – Water’s capital assets as of June 30, 2020 and 2019 consist of the following:

	<u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>2020</u>
Capital assets not being depreciated and amortized:				
Land	\$ 30,029	75,375	(68)	105,336
Intangible assets	679	–	–	679
Construction work in progress	462,606	220,427	(190,351) *	492,682
Total capital assets not being depreciated and amortized	<u>493,314</u>	<u>295,802</u>	<u>(190,419)</u>	<u>598,697</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	6,088,534	169,799	–	6,258,333
Intangible assets	23,123	374	–	23,497
Machinery and equipment	311,154	8,559	(713)	319,000
Total capital assets being depreciated and amortized	<u>6,422,811</u>	<u>178,732</u>	<u>(713)</u>	<u>6,600,830</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,297,056)	(126,666)	–	(1,423,722)
Intangible assets	(17,986)	(2,101)	–	(20,087)
Machinery and equipment	(212,425)	(13,461)	713	(225,173)
Total accumulated depreciation and amortization	<u>(1,527,467)</u>	<u>(142,228)</u>	<u>713</u>	<u>(1,668,982)</u>
Total capital assets being depreciated and amortized, net	4,895,344	36,504	–	4,931,848
Total capital assets, net	\$ <u>5,388,658</u>	<u>332,306</u>	<u>(190,419)</u>	<u>5,530,545</u>

* Decrease in construction work in progress includes \$5,285 in capital project write-offs, mainly related to Daly City Recycle Water, New Fuel Station, and Row Gaps projects. The remaining difference of \$6,334 is related to \$11,774 of construction work in progress transferred to land offset by \$5,440 direct additions to intangible assets and machinery and equipment.

	<u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>2019</u>
Capital assets not being depreciated and amortized:				
Land	\$ 30,029	–	–	30,029
Intangible assets	679	–	–	679
Construction work in progress	1,400,051	243,607	(1,181,052) *	462,606
Total capital assets not being depreciated and amortized	<u>1,430,759</u>	<u>243,607</u>	<u>(1,181,052)</u>	<u>493,314</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	4,929,069	1,159,465	–	6,088,534
Intangible assets	22,457	666	–	23,123
Machinery and equipment	288,037	23,557	(440)	311,154
Total capital assets being depreciated and amortized	<u>5,239,563</u>	<u>1,183,688</u>	<u>(440)</u>	<u>6,422,811</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,190,341)	(106,715)	–	(1,297,056)
Intangible assets	(15,815)	(2,171)	–	(17,986)
Machinery and equipment	(200,933)	(11,929)	437	(212,425)
Total accumulated depreciation and amortization	<u>(1,407,089)</u>	<u>(120,815)</u>	<u>437</u>	<u>(1,527,467)</u>
Total capital assets being depreciated and amortized, net	3,832,474	1,062,873	(3)	4,895,344
Total capital assets, net	\$ <u>5,263,233</u>	<u>1,306,480</u>	<u>(1,181,055)</u>	<u>5,388,658</u>

* Decrease in construction work in progress includes \$1,286 in capital project write-offs, mainly related to Bay Division Pipeline Upgrade, and Local Water Conveyance/Distribution projects.

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Wastewater Capital Assets – Wastewater’s capital assets as of June 30, 2020 and 2019 consist of the following:

	<u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>2020</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 36,018	8,554	–	44,572
Intangible assets	3,046	–	–	3,046
Construction work in progress	765,624	405,798	(261,084) *	910,338
Total capital assets not being depreciated and amortized	<u>804,688</u>	<u>414,352</u>	<u>(261,084)</u>	<u>957,956</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	3,171,227	247,802	–	3,419,029
Intangible assets	4,615	–	–	4,615
Machinery and equipment	99,961	2,588	(954)	101,595
Total capital assets being depreciated and amortized	<u>3,275,803</u>	<u>250,390</u> *	<u>(954)</u>	<u>3,525,239</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,286,210)	(58,620)	–	(1,344,830)
Intangible assets	(4,478)	(137)	–	(4,615)
Machinery and equipment	(67,999)	(4,417)	954	(71,462)
Total accumulated depreciation and amortization	<u>(1,358,687)</u>	<u>(63,174)</u>	<u>954</u>	<u>(1,420,907)</u>
Total capital assets being depreciated and amortized, net	<u>1,917,116</u>	<u>187,216</u>	<u>–</u>	<u>2,104,332</u>
Total capital assets, net	\$ <u>2,721,804</u>	<u>601,568</u>	<u>(261,084)</u>	<u>3,062,288</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated is explained by \$4,728 in capital project write-offs, mainly related to the Collection System Condition Assessment Project, Westside Pump Station Force Main Project, and the Oceanside Plant Improvements Project. The remaining difference of \$5,966 is related to \$8,554 of construction work in progress transferred to land offset by \$2,588 direct additions to intangible assets and machinery and equipment.

	<u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>2019</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 35,737	291	(10)	36,018
Intangible assets	3,046	–	–	3,046
Construction work in progress	652,521	296,972	(183,869) *	765,624
Total capital assets not being depreciated and amortized	<u>691,304</u>	<u>297,263</u>	<u>(183,879)</u>	<u>804,688</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	2,996,648	176,608	(2,029)	3,171,227
Intangible assets	4,615	–	–	4,615
Machinery and equipment	98,223	1,793	(55)	99,961
Total capital assets being depreciated and amortized	<u>3,099,486</u>	<u>178,401</u> *	<u>(2,084)</u>	<u>3,275,803</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,231,798)	(55,422)	1,010	(1,286,210)
Intangible assets	(4,341)	(137)	–	(4,478)
Machinery and equipment	(63,525)	(4,474)	–	(67,999)
Total accumulated depreciation and amortization	<u>(1,299,664)</u>	<u>(60,033)</u>	<u>1,010</u>	<u>(1,358,687)</u>
Total capital assets being depreciated and amortized, net	<u>1,799,822</u>	<u>118,368</u>	<u>(1,074)</u>	<u>1,917,116</u>
Total capital assets, net	\$ <u>2,491,126</u>	<u>415,631</u>	<u>(184,953)</u>	<u>2,721,804</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated is explained by \$8,386 in capital project write-offs, mainly related to the Biofuel Alternative Energy Program Project, Advanced Rainfall Prediction Project, and the Flood Resilience Early Projects.

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Hetchy Water Capital Assets – Hetchy Water’s capital assets as of June 30, 2020 and 2019 consist of the following:

	<u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>2020</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 3,232	—	—	3,232
Intangible assets	6	—	—	6
Construction work in progress	37,625	17,669	(30,966) *	24,328
Total capital assets not being depreciated and amortized	<u>40,863</u>	<u>17,669</u>	<u>(30,966)</u>	<u>27,566</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	254,630	29,850	—	284,480
Intangible assets	20,522	—	—	20,522
Machinery and equipment	26,932	399	(28)	27,303
Total capital assets being depreciated and amortized	<u>302,084</u>	<u>30,249</u> *	<u>(28)</u>	<u>332,305</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(166,017)	(3,860)	3	(169,874)
Intangible assets	(9,532)	(207)	—	(9,739)
Machinery and equipment	(18,295)	(1,209)	28	(19,476)
Total accumulated depreciation and amortization	<u>(193,844)</u>	<u>(5,276)</u>	<u>31</u>	<u>(199,089)</u>
Total capital assets being depreciated and amortized, net	<u>108,240</u>	<u>24,973</u>	<u>3</u>	<u>133,216</u>
Total capital assets, net	\$ <u>149,103</u>	<u>42,642</u>	<u>(30,963)</u>	<u>160,782</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated explained by \$1,062 in capital project write-offs, mainly related to Hetchy Water’s share of 2018 Moccasin Storm Project and Lower Cherry Aqueduct Project. The remaining difference of \$345 was offset by direct additions to machinery and equipment.

	<u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>2019</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 3,232	—	—	3,232
Intangible assets	6	—	—	6
Construction work in progress	28,326	21,241	(11,942) *	37,625
Total capital assets not being depreciated and amortized	<u>31,564</u>	<u>21,241</u>	<u>(11,942)</u>	<u>40,863</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	249,678	5,686	(734)	254,630
Intangible assets	20,522	—	—	20,522
Machinery and equipment	26,499	433	—	26,932
Total capital assets being depreciated and amortized	<u>296,699</u>	<u>6,119</u> *	<u>(734)</u>	<u>302,084</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(162,067)	(3,950)	—	(166,017)
Intangible assets	(9,325)	(207)	—	(9,532)
Machinery and equipment	(17,072)	(1,223)	—	(18,295)
Total accumulated depreciation and amortization	<u>(188,464)</u>	<u>(5,380)</u>	<u>—</u>	<u>(193,844)</u>
Total capital assets being depreciated and amortized, net	<u>108,235</u>	<u>739</u>	<u>(734)</u>	<u>108,240</u>
Total capital assets, net	\$ <u>139,799</u>	<u>21,980</u>	<u>(12,676)</u>	<u>149,103</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated explained by \$5,948 in capital project write-offs, mainly related to Hetchy Water’s share of Mountain Tunnel Lining Project, 2018 Moccasin Storm Project, and San Joaquin Pipeline Rehabilitation Project.

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Hetchy Power Capital Assets – Hetchy Power’s capital assets as of June 30, 2020 and 2019 consist of the following:

	<u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>2020</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 1,949	–	–	1,949
Intangible assets	1,431	–	–	1,431
Construction work in progress	121,985	70,125	(27,361) *	164,749
Total capital assets not being depreciated and amortized	<u>125,365</u>	<u>70,125</u>	<u>(27,361)</u>	<u>168,129</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	424,732	13,970	–	438,702
Intangible assets	25,193	–	–	25,193
Machinery and equipment	106,445	2,890	(65)	109,270
Total capital assets being depreciated and amortized	<u>556,370</u>	<u>16,860</u> *	<u>(65)</u>	<u>573,165</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(208,432)	(10,988)	–	(219,420)
Intangible assets	(11,766)	(254)	–	(12,020)
Machinery and equipment	(60,009)	(4,481)	65	(64,425)
Total accumulated depreciation and amortization	<u>(280,207)</u>	<u>(15,723)</u>	<u>65</u>	<u>(295,865)</u>
Total capital assets being depreciated and amortized, net	<u>276,163</u>	<u>1,137</u>	<u>–</u>	<u>277,300</u>
Total capital assets, net	<u>\$ 401,528</u>	<u>71,262</u>	<u>(27,361)</u>	<u>445,429</u>

* Decrease in construction work in progress is greater than increase in capital assets being depreciated explained by \$11,175 in capital project write-offs, mainly related to Transmission and Distribution System Improvement Project, Transbay Cable Project, Treasure Island Submarine Project and Alternative Transmission Project. The remaining difference of \$674 was offset by direct additions to machinery and equipment.

	<u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>2019</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 1,949	–	–	1,949
Intangible assets	1,431	–	–	1,431
Construction work in progress	80,191	76,585	(34,791) *	121,985
Total capital assets not being depreciated and amortized	<u>83,571</u>	<u>76,585</u>	<u>(34,791)</u>	<u>125,365</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	392,928	32,385	(581)	424,732
Intangible assets	25,193	–	–	25,193
Machinery and equipment	103,898	2,547	–	106,445
Total capital assets being depreciated and amortized	<u>522,019</u>	<u>34,932</u>	<u>(581)</u>	<u>556,370</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(199,042)	(9,634)	244	(208,432)
Intangible assets	(11,512)	(254)	–	(11,766)
Machinery and equipment	(55,413)	(4,596)	–	(60,009)
Total accumulated depreciation and amortization	<u>(265,967)</u>	<u>(14,484)</u>	<u>244</u>	<u>(280,207)</u>
Total capital assets being depreciated and amortized, net	<u>256,052</u>	<u>20,448</u>	<u>(337)</u>	<u>276,163</u>
Total capital assets, net	<u>\$ 339,623</u>	<u>97,033</u>	<u>(35,128)</u>	<u>401,528</u>

* Decrease in construction work in progress included \$153 in capital project write-offs, mainly related to Hetchy Power’s share of 2018 Moccasin Storm Project, Other Powerhouse Projects, and Road Improvement Project.

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GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) Pronouncements*, requires that interest expense incurred during construction of assets be capitalized. Interest included in the construction work in progress and total interest expense incurred during the years ended June 30, 2020 and 2019 are as follows:

	2020			
	Water	Wastewater	Hetchy Power	SFPUC Total
	Interest expensed	\$ 191,246	43,216	2,740
Interest included in construction work in progress	27,164	28,563	1,127	56,854
Total interest incurred	<u>\$ 218,410</u>	<u>71,779</u>	<u>3,867</u>	<u>294,056</u>

	2019			
	Water	Wastewater	Hetchy Power	SFPUC Total
	Interest expensed	\$ 177,998	43,803	2,936
Interest included in construction work in progress	53,431	27,354	724	81,509
Total interest incurred	<u>\$ 231,429</u>	<u>71,157</u>	<u>3,660</u>	<u>306,246</u>

(5) Restricted Assets

Department-wide Business Type Activities

The following table summarizes the department-wide restricted assets as of June 30, 2020 and 2019.

	2020	2019
Cash and investments with City Treasury	\$ 72,960	517,977
Cash and investments outside City Treasury	123,012	171,336
Interest and other receivables	82,837	9,233
Total restricted assets	<u>\$ 278,809</u>	<u>698,546</u>

Water Restricted Assets

Pursuant to the Indentures, all revenues of the Water Enterprise (except amounts on deposit in the rebate fund) are irrevocably pledged to the punctual payment of debt service on the Water Revenue and Refunding Bonds. Accordingly, the revenues of the Water Enterprise shall not be used for any other purpose while any of its Water Revenue and Refunding Bonds are outstanding, except as expressly permitted by the Indentures. Further, all revenues shall be deposited by the City Treasurer, by instruction of the Water Enterprise, in special funds designated as the Water Enterprise Revenue Fund (the Water Revenue Fund), which must be maintained in the City Treasury. These funds, held at the City Treasury, are recorded in the statement of net position of the Water Enterprise as cash and investments. Deposits in the Water Revenue Fund, including earnings thereon, shall be appropriated, transferred, expended, or used for the following purposes pertaining to the financing, maintenance, and operation of the Water Enterprise in accordance with the following priority:

1. The payment of operation and maintenance expenses for such utility and related facilities;
2. The payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Water Enterprise may establish or the Board of Supervisors may require with respect to employees of the Water Enterprise;
3. The payment of principal, interest, reserve, sinking fund, and other mandatory funds created to secure Revenue Bonds issued by the Water Enterprise for the acquisition, construction, or extension of facilities owned, operated, or controlled by the Water Enterprise;

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4. The payment of principal and interest on General Obligation Bonds issued by the City for the Water Enterprise's purposes;
5. Reconstruction and replacement as determined by the Water Enterprise or as required by any of the Water Enterprise's Revenue Bond ordinances duly adopted and approved; and
6. The acquisition of land, real property, or interest in real property for, and the acquisition, construction, enlargement, and improvement of, new and existing buildings, structures, facilities, equipment, appliances, and other property necessary or convenient to the development or improvement of such utility owned, controlled, or operated by the Water Enterprise; and for any other lawful purpose of the Water Enterprise, including the transfer of surplus funds pursuant to the Charter.

In accordance with the Indenture, the bond financing program maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and investments with City Treasury:		
Water revenue bond construction fund	\$ —	2,224
Cash and investments outside City Treasury:		
1991A Capital Appreciation Bond	—	2,576
2010B Water revenue bond fund	21,581	21,464
2010D Water revenue bond fund	2,935	2,900
2010E Water revenue bond fund	16,831	16,684
2010G Water revenue bond fund	17,691	22,652
2011A Water revenue bond fund	1	1
2011B Water revenue bond fund	670	1,022
2011C Water revenue bond fund	802	1,185
2011D Water revenue bond fund	1,981	1,957
2012A Water revenue bond fund	2,961	2,927
2012B Water revenue bond fund	807	798
2012C1 Water revenue refunding bond fund	1,181	1,167
2012C2 Water revenue refunding bond fund	3,399	3,359
2012D Water revenue refunding bond fund	—	2,462
2015A Water revenue refunding bond fund	1	1
2016A Water revenue refunding bond fund	—	1
2016C Water revenue bond fund	1	—
2017A Water revenue bond fund	363	6,357
2017B Water revenue bond fund	4,239	11,503
2017C Water revenue bond fund	—	1,891
2017D Water revenue refunding bond fund	1	1
2019A Water revenue refunding bond fund	47	—
2019B Water revenue refunding bond fund	6	—
2019C Water revenue refunding bond fund	2	—
2009C Certificates of participation - 525 Golden Gate	1,816	1,796
2009D Certificates of participation - 525 Golden Gate	7,147	7,084
Commercial Paper - Tax Exempt	15	11
Commercial Paper - Taxable	31	27
Habitat reserve endowment fund	13,053	12,686
Total cash and investments outside City Treasury	<u>97,562</u>	<u>122,512</u>
Interest and other receivables:		
Water bond construction fund including capacity fee receivables	3,778	3,798
Due from other government for State Revolving Fund	73,271	—
Total restricted assets	\$ <u>174,611</u>	<u>128,534</u>

Restricted assets listed above as cash and investments with City Treasury are held in fund accounts within the Water Revenue Fund of the City Treasury.

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Wastewater Restricted Assets

The Master Bond Resolution was discharged upon the issuance of the 2003 Series A Refunding Bonds. Pursuant to the Indenture, which became effective with the issuance of the 2003 Series A Refunding Bonds, all net revenues of the Wastewater Enterprise (except amounts on deposit in the rebate fund) are irrevocably pledged to the punctual payment of debt service on the Wastewater revenue bonds. Accordingly, the net revenues of the Wastewater Enterprise shall not be used for any other purpose while any of its revenue bonds are outstanding except as expressly permitted by the Indenture. Further, all net revenues shall be deposited by the City Treasurer, by instruction of the Wastewater Enterprise, in special funds designated as the Revenue Fund, which must be maintained in the City Treasury. These funds, held at the City Treasury, are recorded in the statements of net position of the Wastewater Enterprise as cash and investments. Deposits in the Revenue Fund, including earnings thereon, shall be appropriated, transferred, expended, or used for the following purposes and only in accordance with the following priority:

1. The payment of operation and maintenance costs of the Wastewater Enterprise;
2. The payment of State revolving fund loans;
3. The payment of bonds, parity State revolving fund loans, policy costs, and amounts due as reimbursement under any letter of credit agreement; and
4. Any other lawful purpose of the Wastewater Enterprise.

In accordance with the Indenture, the Wastewater Enterprise maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and investments with City Treasury:		
Wastewater revenue bond construction fund	\$ 55,132	483,885
Cash and investments outside City Treasury:		
2009 Series C Certificates of Participation – 525 Golden Gate	480	475
2009 Series D Certificates of Participation – 525 Golden Gate	1,890	1,873
2010 Series A Wastewater revenue bond fund	3,621	3,609
2010 Series B Wastewater revenue bond fund	6,493	6,480
2013 Series B Wastewater revenue bond fund	–	2
2016 Series A Wastewater revenue bond fund	–	2
2018 Series A Wastewater revenue bond fund	4,002	14,617
2018 Series B Wastewater revenue bond fund	3,462	12,648
2018 Series C Wastewater revenue bond fund	1,424	5,192
Commercial Paper - Tax Exempt	132	30
Total cash and investments outside City Treasury	<u>21,504</u>	<u>44,928</u>
Interest and other receivables:		
Wastewater revenue bond construction fund including capacity fee receivable:	2,331	5,173
Due from other government for State Revolving Fund	3,265	–
Total restricted assets	<u>\$ 82,232</u>	<u>533,986</u>

Restricted assets listed above as cash and investments with City Treasury are held in fund accounts within the Sewer Revenue Fund of the City Treasury.

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Hetchy Power Restricted Assets

Pursuant to the Hetchy Power Trust Indenture (the "Indenture"), established in fiscal year 2015, net revenues of the Hetchy Power are pledged first to the 2015 Series AB Bonds, and have a priority lien on the pledge of net revenues to the outstanding CREBs, QECEBs, and NCREBs (the "Subordinate Obligations"). The Lease/Purchase Agreements for the Subordinate Obligations pledge the net revenues of the Hetchy Power to these bonds, and such pledge is subordinate in lien to the net revenues pledged for the 2015 Series AB Bonds (the "Bonds" or "Bond").

In the Indenture, the SFPUC covenants and agrees that it will pay into the Revenue Fund as received all Revenues of Hetchy Power and shall be used and applied, as provided by the Indenture, solely for the purposes of operating and maintaining Hetchy Power and paying all costs, charges, and expenses in connection therewith and for the purpose of making repairs, renewals, and replacements to Hetchy Power and constructing additions, betterments, and extensions thereto.

The Indenture provides that Revenues deposited in the Revenue Fund shall be disbursed in the following order of priority:

1. The payment of operation and maintenance expenses;
2. Any priority reconstruction and replacement fund deposits;
3. Deposit in the interest account of each Bond Fund;
4. Deposit in the bond retirement account of each Bond Fund;
5. Deposit in the reserve fund;
6. (i) Payment of principal and premium, if any, and interest on any Subordinate Obligations; (ii) deposit into a reserve fund securing any Subordinate Obligations; (iii) Swap Agreement payments pursuant to Swap Agreements entered into by the SFPUC with respect to any Subordinate Obligations; and (iv) payment to any financial institution or insurance company providing any letter of credit, line of credit, or other credit or liquidity facility, including municipal bond insurance and guarantees, that secures the payment of principal of or interest on any Subordinate Obligations; in each case in any order of priority within this paragraph which may be hereafter established by the SFPUC by resolution;
7. Any additional reconstruction and replacement fund deposits into the reconstruction and replacement fund;
8. Any necessary or desirable capital additions or improvements to the Hetchy Power;
9. Any payment under a Take-or-Pay Power Purchase Agreement that does not constitute an operation and maintenance expense;
10. Any payment under a Swap Agreement that does not constitute a Swap Agreement payment; and
11. Any other lawful purpose of the SFPUC.

In the Indenture, the SFPUC covenants and agrees to transfer to the Trustee for deposit in the Interest Account of each applicable Bond Fund all Refundable Credits received by the SFPUC.

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In accordance with the Agreements, Hetchy Water and Hetchy Power maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consist of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Hetchy Water		
Cash and investments with City Treasury:		
Hetch Hetchy bond construction fund	\$ 9,768	12,673
Interest receivable:		
Hetch Hetchy bond construction fund	24	66
Total restricted assets	<u>\$ 9,792</u>	<u>12,739</u>
Hetchy Power		
Cash and investments with City Treasury:		
Hetch Hetchy bond construction fund	\$ 8,060	19,195
Cash and investments outside City Treasury:		
2009 Series C Certificates of Participation – 525 Golden Gate	247	245
2009 Series D Certificates of Participation – 525 Golden Gate	973	964
2015 Series A Revenue Bonds	2,193	2,167
2015 Series B Revenue Bonds	516	510
Commercial Paper	17	10
Total restricted cash and investments outside City Treasury	<u>3,946</u>	<u>3,896</u>
Interest receivable:		
Hetch Hetchy bond construction fund	168	196
Total restricted assets	<u>\$ 12,174</u>	<u>23,287</u>

Restricted assets listed above as cash and investments with City Treasury are held in funds accounts within the Hetchy Water and Hetchy Power Revenue Fund.

(6) Short-Term Debt

Department-wide Business Type Activities

The following table summarizes the department-wide short-term debt.

	<u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>2020</u>
Water	\$ 161,336	201,018	–	362,354
Wastewater	291,498	4,390	(87,949)	207,939
Hetchy Power	50,724	12,811	–	63,535
SFPUC Total	<u>\$ 503,558</u>	<u>218,219</u>	<u>(87,949)</u>	<u>633,828</u>

Water Short-Term Debt

The Commission and the Board of Supervisors have authorized the issuance of up to \$500,000 in commercial paper pursuant to the voter-approved 2002 Proposition E. As of June 30, 2020 and 2019, amounts outstanding under Proposition E were \$362,354 and \$161,336, respectively. Commercial paper interest rates ranged from 0.2% to 2.8%.

With maturities up to 270 days, the Water Enterprise intends to maintain the program by remarketing the commercial paper upon maturity over the near-to-medium term, at which time outstanding commercial paper will likely be refunded with revenue bonds. This is being done to take advantage of the continued low interest rate environment. If the commercial paper interest rates rise to a level that exceeds these benefits, the Water Enterprise will refinance the commercial paper with the long-term, fixed-rate debt.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, the Water Enterprise had \$137,646 and \$338,664 in unused

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authorization as of June 30, 2020 and 2019, respectively. Significant Events of default as specified in the Reimbursement Agreements, or Revolving Credit Agreement include 1. payment defaults 2. material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2020, there were no such events describe herein.

Wastewater Short-Term Debt

Under the voter approved 2002 Proposition E, the Commission and Board of Supervisors has authorized the issuance of up to \$750,000 in commercial paper for the purpose of reconstructing, expanding, repairing, or improving the Wastewater Enterprise's facilities. The Wastewater Enterprise had \$207,939 and \$291,498 in commercial paper outstanding as of June 30, 2020 and 2019, respectively.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Wastewater Enterprise had \$542,061 and \$458,502 in unused authorization as of June 30, 2020 and 2019, respectively. Significant Events of default as specified in the Reimbursement Agreements, Revolving Credit and Term Loan Agreements, or Revolving Credit Agreements include 1. payment defaults 2. material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods), and 3. bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2020, there were no such events described herein.

Hetchy Water Short-Term Debt

Hetchy Water had no commercial paper outstanding as of June 30, 2020 and 2019.

Hetchy Power Short-Term Debt

Effective March 2019, under Charter Sections 9.107(6) and 9.107(8), and 2018 Proposition A, the Commission and Board of Supervisors authorized the issuance of up to \$250,000 in commercial paper notes for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities of Hetchy Power. Interest rates for the commercial paper ranged from 0.2% to 4.0% in fiscal year 2020. Hetchy Power had \$63,535 and \$50,724 commercial paper outstanding as of June 30, 2020 and 2019, respectively. The Power Enterprise had \$186,465 and \$199,276 in unused authorization as of June 30, 2020 and 2019, respectively.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, Significant Events of default as specified in the Reimbursement Agreements include 1. non-payment, 2. material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements and 3. bankruptcy, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2020, there were no such events described herein.

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CleanPowerSF Short-Term Debt

CleanPowerSF had no commercial paper outstanding as of June 30, 2020 and 2019.

(7) Changes in Long-Term Liabilities

Department-wide Long-Term Liability activities for the years ended June 30, 2020 and 2019 are as follows:

	Interest rate	Maturity (Calendar Year)	2019	Additions	Reductions	2020	Due within one year
Revenue Bonds:							
2009A water revenue bonds	4.00 - 5.25 %	2019	\$ 9,635	—	(9,635)	—	—
2009B water revenue bonds	4.00 - 5.00	2019	9,635	—	(9,635)	—	—
2010A water revenue bonds	2.00 - 5.00	2019	2,530	—	(2,530)	—	—
2010A wastewater revenue bonds	4.00 - 5.00	2021	25,190	—	(7,980)	17,210	8,390
2010B water revenue bonds (Build America)	4.00 - 6.00	2040	384,975	—	(11,555)	373,420	11,920
2010B wastewater revenue bonds (Build America)	4.65 - 5.82	2040	192,515	—	—	192,515	—
2010D water revenue refunding bonds	3.00 - 5.00	2021	47,770	—	(16,780)	30,990	17,640
2010E water revenue bonds (Build America)	4.90 - 6.00	2040	344,200	—	—	344,200	—
2010F water revenue bonds	3.00 - 5.50	2030	23,975	—	(23,975)	—	—
2010G water revenue bonds (Build America)	6.95	2050	351,470	—	—	351,470	—
2011A water revenue bonds	4.25 - 5.00	2019	322,480	—	(322,480)	—	—
2011B water revenue bonds	3.50 - 5.00	2041	17,870	—	(16,385)	1,485	730
2011C water revenue bonds	3.00 - 5.00	2041	19,475	—	(17,855)	1,620	795
2011D water revenue refunding bonds	4.00 - 5.00	2028	19,135	—	—	19,135	—
2012A water revenue bonds	4.00 - 5.00	2043	459,455	—	(242,915)	216,540	—
2012B water revenue bonds	4.00 - 5.00	2043	16,520	—	—	16,520	—
2012C1 water revenue refunding bonds	4.00	2031	8,465	—	—	8,465	—
2012C2 water revenue refunding bonds	4.00 - 5.00	2032	69,570	—	—	69,570	—
2012D water revenue refunding bonds	1.75 - 5.00	2019	12,215	—	(12,215)	—	—
2013A wastewater revenue bonds	1.00 - 5.00	2025	58,550	—	(14,105)	44,445	14,850
2013B wastewater revenue bonds	4.00 - 5.00	2042	331,585	—	—	331,585	—
2015A water revenue refunding bonds	2.00 - 5.00	2036	426,380	—	(14,000)	412,380	14,635
2015A Hetchy Power Revenue Bonds	4.00 - 5.00	2045	32,025	—	—	32,025	—
2015B Hetchy Power Revenue Bonds	3.00 - 4.00	2026	6,090	—	(755)	5,335	785
2016A water revenue refunding bonds	4.00 - 5.00	2039	763,005	—	—	763,005	19,955
2016B water revenue refunding bonds	1.50 - 5.00	2030	104,900	—	(8,920)	95,980	14,455
2016C water revenue bonds	0.87 - 4.19	2046	248,360	—	(5,605)	242,755	5,705
2016A wastewater revenue bonds	4.00 - 5.00	2046	240,580	—	—	240,580	—
2016B wastewater revenue bonds	4.00 - 5.00	2046	67,820	—	—	67,820	—
2017A water revenue bonds	5.00	2047	121,140	—	—	121,140	—
2017B water revenue bonds	5.00	2047	147,725	—	—	147,725	—
2017C water revenue bonds	5.00	2047	70,675	—	—	70,675	—
2017D water revenue refunding bonds	2.00 - 5.00	2035	349,470	—	(860)	348,610	890
2017E water revenue refunding bonds	4.00 - 5.00	2031	48,890	—	—	48,890	—
2017F water revenue refunding bonds	5.00	2031	8,705	—	—	8,705	—
2017G water revenue refunding bonds	2.03 - 2.91	2024	33,780	—	(500)	33,280	500
2018A wastewater revenue bonds	4.00 - 5.00	2043	229,050	—	—	229,050	—
2018B wastewater revenue bonds	5.00	2043	185,950	—	—	185,950	—
2018C wastewater revenue bonds	2.13	2048	179,145	—	—	179,145	—
2019A revenue refunding bonds	1.81 - 3.47	2043	—	622,580	—	622,580	6,855
2019B revenue refunding bonds	3.15 - 3.52	2041	—	16,450	—	16,450	—
2019C revenue refunding bonds	3.15 - 3.52	2041	—	17,925	—	17,925	—
Clean Renewable Energy Bonds	0.00	2022	1,687	—	(422)	1,265	422
Qualified Energy Conservation Bonds	4.74	2027	4,765	—	(536)	4,229	542
New Clean Renewable Energy Bonds 2012	4.74	2020	713	—	(583)	130	130
New Clean Renewable Energy Bonds 2015	4.62	2032	3,422	—	(232)	3,190	236
Less issuance discount			(202)	—	25	(177)	—
Add issuance premiums			512,413	—	(63,389)	449,024	—
Total revenue bonds payable			6,513,703	656,955	(803,822)	6,366,836	119,435
1991 Capital appreciation bonds	0.00	2019	2,029	71	(2,100)	—	—
2009C Certificates of Participation (COPs)	2.00 - 5.00	2022	16,255	—	(3,765)	12,490	3,955
2009C COPs issuance premiums			402	—	(177)	225	—
2009D COPs (Build America)	6.36 - 6.49	2041	129,550	—	—	129,550	—
State Revolving Fund Loans (CWSRF Loans) Water	1.00	2051	—	73,271	—	73,271	—
State Revolving Fund Loans (CWSRF Loans) Wastewater	1.60 - 1.80	2050	88,032	1,756	(1,239)	88,549	2,458
Other post-employment benefits obligations			239,810	41,364	(20,777)	260,397	—
Net Pension Liability			306,846	72,578	(65,525)	313,899	—
Accrued vacation and sick leave			21,619	16,281	(12,472)	25,428	13,652
Accrued workers' compensation			19,749	3,333	(4,470)	18,612	3,478
Damage claims liability			30,161	12,700	(13,317)	29,544	14,766
Wholesale balancing account			64,829	833	(805)	64,857	11,257
Pollution remediation obligations			9,694	300	(617)	9,377	—
Total			\$ 7,442,679	879,442	(929,086)	7,393,035	169,001

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	<u>Interest rate</u>	<u>Maturity (Calendar Year)</u>	<u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>2019</u>	<u>Due within one year</u>
Revenue Bonds:							
2009A water revenue bonds	4.00 – 5.25 %	2019	\$ 16,885	–	(7,250)	9,635	9,635
2009B water revenue bonds	4.00 – 5.00	2019	14,910	–	(5,275)	9,635	9,635
2010A water revenue bonds	2.00 – 5.00	2019	3,035	–	(505)	2,530	2,530
2010A wastewater revenue bonds	4.00 – 5.00	2021	32,820	–	(7,630)	25,190	7,980
2010B water revenue bonds (Build America)	4.00 – 6.00	2040	396,190	–	(11,215)	384,975	11,555
2010B wastewater revenue bonds (Build America)	4.65 – 5.82	2040	192,515	–	–	192,515	–
2010D water revenue refunding bonds	3.00 – 5.00	2021	63,735	–	(15,965)	47,770	16,780
2010E water revenue bonds (Build America)	4.90 – 6.00	2040	344,200	–	–	344,200	–
2010F water revenue bonds	3.00 – 5.50	2030	27,100	–	(3,125)	23,975	5,175
2010G water revenue bonds (Build America)	6.95	2050	351,470	–	–	351,470	–
2011A water revenue bonds	4.25 – 5.00	2041	322,480	–	–	322,480	–
2011B water revenue bonds	3.50 – 5.00	2041	18,315	–	(445)	17,870	700
2011C water revenue bonds	3.00 – 5.00	2041	19,475	–	–	19,475	760
2011D water revenue refunding bonds	4.00 – 5.00	2028	19,135	–	–	19,135	–
2012A water revenue bonds	4.00 – 5.00	2043	459,455	–	–	459,455	–
2012B water revenue bonds	4.00 – 5.00	2043	16,520	–	–	16,520	–
2012C1 water revenue refunding bonds	4.00	2031	8,465	–	–	8,465	–
2012C2 water revenue refunding bonds	4.00 – 5.00	2032	69,570	–	–	69,570	–
2012D water revenue refunding bonds	1.75 – 5.00	2019	24,040	–	(11,825)	12,215	12,215
2013A wastewater revenue bonds	1.00 – 5.00	2025	71,930	–	(13,380)	58,550	14,105
2013B wastewater revenue bonds	4.00 – 5.00	2042	331,585	–	–	331,585	–
2015A water revenue refunding bonds	2.00 – 5.00	2036	429,600	–	(3,220)	426,380	14,000
2015A Hetchy Power Revenue Bonds	4.00 – 5.00	2045	32,025	–	–	32,025	–
2015B Hetchy Power Revenue Bonds	3.00 – 4.00	2026	6,820	–	(730)	6,090	755
2016A water revenue refunding bonds	4.00 – 5.00	2039	763,005	–	–	763,005	–
2016B water revenue refunding bonds	1.50 – 5.00	2030	110,880	–	(5,980)	104,900	8,920
2016C water revenue bonds	0.87 – 4.19	2046	253,885	–	(5,525)	248,360	5,605
2016A wastewater revenue bonds	4.00 – 5.00	2046	240,580	–	–	240,580	–
2016B wastewater revenue bonds	4.00 – 5.00	2046	67,820	–	–	67,820	–
2017A water revenue bonds	5.00	2047	121,140	–	–	121,140	–
2017B water revenue bonds	5.00	2047	147,725	–	–	147,725	–
2017C water revenue bonds	5.00	2047	70,675	–	–	70,675	–
2017D water revenue refunding bonds	2.00 – 5.00	2035	350,305	–	(835)	349,470	860
2017E water revenue refunding bonds	4.00 – 5.00	2031	48,890	–	–	48,890	–
2017F water revenue refunding bonds	5.00	2031	8,705	–	–	8,705	–
2017G water revenue refunding bonds	2.03 – 2.91	2024	34,280	–	(500)	33,780	500
2018A wastewater revenue bonds	4.00 – 5.00	2043	–	229,050	–	229,050	–
2018B wastewater revenue bonds	5.00	2043	–	185,950	–	185,950	–
2018C wastewater revenue bonds	2.13	2048	–	179,145	–	179,145	–
Clean Renewable Energy Bonds	0.00	2022	2,109	–	(422)	1,687	422
Qualified Energy Conservation Bonds	4.74	2027	5,294	–	(529)	4,765	536
New Clean Renewable Energy Bonds 2012	4.74	2020	1,283	–	(570)	713	583
New Clean Renewable Energy Bonds 2015	4.62	2032	3,651	–	(229)	3,422	232
Less issuance discount			(228)	–	26	(202)	–
Add issuance premiums			481,154	68,958	(37,699)	512,413	–
Total revenue bonds payable			5,983,428	663,103	(132,828)	6,513,703	123,483
1991 Capital appreciation bonds	0.00	2019	6,725	304	(5,000)	2,029	2,029
2009C Certificates of Participation (COPs)	2.00 – 5.00	2022	19,835	–	(3,580)	16,255	3,765
2009C COPs issuance premiums			623	–	(221)	402	–
2009D COPs (Build America)	6.36 – 6.49	2041	129,550	–	–	129,550	–
State Revolving Fund Loans (CWSRF Loans)	1.60 – 1.80	2050	22,607	66,850	(1,425)	88,032	1,239
Other post-employment benefits obligations			261,853	17,239	(39,282)	239,810	–
Net Pension Liability			367,098	43,281	(103,533)	306,846	–
Accrued vacation and sick leave			21,052	16,862	(16,295)	21,619	12,391
Accrued workers' compensation			19,690	5,902	(5,843)	19,749	3,564
Damage claims liability			29,934	12,414	(12,187)	30,161	11,642
Wholesale balancing account			55,866	8,963	–	64,829	10,859
Pollution remediation obligations			7,014	3,000	(320)	9,694	–
Total			\$ 6,925,275	837,918	(320,514)	7,442,679	168,972

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Water Long-Term Liability activities for the years ended June 30, 2020 and 2019 are as follows:

	Interest rate	Maturity (Calendar Year)	2019	Additions	Reduction	2020	Due within one year
Revenue Bonds:							
2009A revenue bonds	4.00 - 5.25 %	2019	\$ 9,635	-	(9,635)	-	-
2009B revenue bonds	4.00 - 5.00	2019	9,635	-	(9,635)	-	-
2010A revenue bonds	2.00 - 5.00	2019	2,530	-	(2,530)	-	-
2010B revenue bonds (Build America)	4.00 - 6.00	2040	384,975	-	(11,555)	373,420	11,920
2010D revenue refunding bonds	3.00 - 5.00	2021	47,770	-	(16,780)	30,990	17,640
2010E revenue bonds (Build America)	4.90 - 6.00	2040	344,200	-	-	344,200	-
2010F revenue bonds	3.00 - 5.50	2030	23,975	-	(23,975)	-	-
2010G revenue bonds (Build America)	6.95	2050	351,470	-	-	351,470	-
2011A revenue bonds	4.25 - 5.00	2019	322,480	-	(322,480)	-	-
2011B revenue bonds	3.50 - 5.00	2041	17,870	-	(16,385)	1,485	730
2011C revenue bonds	3.00 - 5.00	2041	19,475	-	(17,855)	1,620	795
2011D revenue refunding bonds	4.00 - 5.00	2028	19,135	-	-	19,135	-
2012A revenue bonds	4.00 - 5.00	2043	459,455	-	(242,915)	216,540	-
2012B revenue bonds	4.00 - 5.00	2043	16,520	-	-	16,520	-
2012C1 revenue refunding bonds	4.00	2031	8,465	-	-	8,465	-
2012C2 revenue refunding bonds	4.00 - 5.00	2032	69,570	-	-	69,570	-
2012D revenue refunding bonds	1.75 - 5.00	2019	12,215	-	(12,215)	-	-
2015A revenue refunding bonds	2.00 - 5.00	2036	426,380	-	(14,000)	412,380	14,635
2016A revenue refunding bonds	4.00 - 5.00	2039	763,005	-	-	763,005	19,955
2016B revenue refunding bonds	1.50 - 5.00	2030	104,900	-	(8,920)	95,980	14,455
2016C revenue bonds	0.87 - 4.19	2046	248,360	-	(5,605)	242,755	5,705
2017A revenue bonds	5.00	2047	121,140	-	-	121,140	-
2017B revenue bonds	5.00	2047	147,725	-	-	147,725	-
2017C revenue bonds	5.00	2047	70,675	-	-	70,675	-
2017D revenue refunding bonds	2.00 - 5.00	2035	349,470	-	(860)	348,610	890
2017E revenue refunding bonds	4.00 - 5.00	2031	48,890	-	-	48,890	-
2017F revenue refunding bonds	5.00	2031	8,705	-	-	8,705	-
2017G revenue refunding bonds	2.03 - 2.91	2024	33,780	-	(500)	33,280	500
2019A revenue refunding bonds	1.81 - 3.47	2043	-	622,580	-	622,580	6,855
2019B revenue refunding bonds	3.15 - 3.52	2041	-	16,450	-	16,450	-
2019C revenue refunding bonds	3.15 - 3.52	2041	-	17,925	-	17,925	-
Less issuance discount			(154)	-	11	(143)	-
Add issuance premiums			366,297	-	(54,374)	311,923	-
Total revenue bonds payable			4,808,548	656,955	(770,208)	4,695,295	94,080
1991 Capital appreciation bonds	0.00	2019	2,029	71	(2,100)	-	-
2009C Certificates of Participation (COPs)	2.00 - 5.00	2022	11,606	-	(2,688)	8,918	2,824
2009C COPs issuance premiums			287	-	(126)	161	-
2009D COPs (Build America)	6.36 - 6.49	2041	92,499	-	-	92,499	-
State Revolving Funds Loan	1.00	2051	-	73,271	-	73,271	-
Other post-employment benefits obligations			150,771	25,253	(12,340)	163,684	-
Net pension liability			175,429	39,194	(36,490)	178,133	-
Accrued vacation and sick leave			10,100	9,716	(8,196)	11,620	6,169
Accrued workers' compensation			10,336	1,065	(2,227)	9,174	1,781
Damage claims liability			11,509	709	(1,451)	10,767	4,740
Wholesale balancing account			64,829	833	(805)	64,857	11,257
Pollution remediation obligations			2,194	-	(617)	1,577	-
Total			\$ 5,340,137	807,067	(837,248)	5,309,956	120,851

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	<u>Interest rate</u>	<u>Maturity (Calendar Year)</u>	<u>2018</u>	<u>Additions</u>	<u>Reduction</u>	<u>2019</u>	<u>Due within one year</u>
Revenue Bonds:							
2009A revenue bonds	4.00 – 5.25 %	2019	\$ 16,885	–	(7,250)	9,635	9,635
2009B revenue bonds	4.00 – 5.00	2019	14,910	–	(5,275)	9,635	9,635
2010A revenue bonds	2.00 – 5.00	2019	3,035	–	(505)	2,530	2,530
2010B revenue bonds (Build America)	4.00 – 6.00	2040	396,190	–	(11,215)	384,975	11,555
2010D revenue refunding bonds	3.00 – 5.00	2021	63,735	–	(15,965)	47,770	16,780
2010E revenue bonds (Build America)	4.90 – 6.00	2040	344,200	–	–	344,200	–
2010F revenue bonds	3.00 – 5.50	2030	27,100	–	(3,125)	23,975	5,175
2010G revenue bonds (Build America)	6.95	2050	351,470	–	–	351,470	–
2011A revenue bonds	4.25 – 5.00	2041	322,480	–	–	322,480	–
2011B revenue bonds	3.50 – 5.00	2041	18,315	–	(445)	17,870	700
2011C revenue bonds	3.00 – 5.00	2041	19,475	–	–	19,475	760
2011D revenue refunding bonds	4.00 – 5.00	2028	19,135	–	–	19,135	–
2012A revenue bonds	4.00 – 5.00	2043	459,455	–	–	459,455	–
2012B revenue bonds	4.00 – 5.00	2043	16,520	–	–	16,520	–
2012C1 revenue refunding bonds	4.00	2031	8,465	–	–	8,465	–
2012C2 revenue refunding bonds	4.00 – 5.00	2032	69,570	–	–	69,570	–
2012D revenue refunding bonds	1.75 – 5.00	2019	24,040	–	(11,825)	12,215	12,215
2015A revenue refunding bonds	2.00 – 5.00	2036	429,600	–	(3,220)	426,380	14,000
2016A revenue refunding bonds	4.00 – 5.00	2039	763,005	–	–	763,005	–
2016B revenue refunding bonds	1.50 – 5.00	2030	110,880	–	(5,980)	104,900	8,920
2016C revenue bonds	0.87 – 4.19	2046	253,885	–	(5,525)	248,360	5,605
2017A revenue bonds	5.00	2047	121,140	–	–	121,140	–
2017B revenue bonds	5.00	2047	147,725	–	–	147,725	–
2017C revenue bonds	5.00	2047	70,675	–	–	70,675	–
2017D revenue refunding bonds	2.00 – 5.00	2035	350,305	–	(835)	349,470	860
2017E revenue refunding bonds	4.00 – 5.00	2031	48,890	–	–	48,890	–
2017F revenue refunding bonds	5.00	2031	8,705	–	–	8,705	–
2017G revenue refunding bonds	2.03 – 2.91	2024	34,280	–	(500)	33,780	500
Less issuance discount			(166)	–	12	(154)	–
Add issuance premiums			395,137	–	(28,840)	366,297	–
Total revenue bonds payable			4,909,041	–	(100,493)	4,808,548	98,870
1991 Capital appreciation bonds	0.00	2019	6,725	304	(5,000)	2,029	2,029
2009C Certificates of Participation (COPs)	2.00 – 5.00	2022	14,162	–	(2,556)	11,606	2,688
2009C COPs issuance premiums			445	–	(158)	287	–
2009D COPs (Build America)	6.36 – 6.49	2041	92,499	–	–	92,499	–
Other post-employment benefits obligations			166,336	9,125	(24,690)	150,771	–
Net pension liability			209,003	25,430	(59,004)	175,429	–
Accrued vacation and sick leave			10,686	10,372	(10,958)	10,100	5,706
Accrued workers' compensation			10,957	2,707	(3,328)	10,336	1,949
Damage claims liability			13,402	4,768	(6,661)	11,509	3,872
Wholesale balancing account			55,866	8,963	–	64,829	10,859
Pollution remediation obligations			2,311	–	(117)	2,194	–
Total			\$ 5,491,433	61,669	(212,965)	5,340,137	125,973

The payments of principal and interest amounts on various bonds are secured by net revenues of the Water Enterprise.

a) Capital Appreciation Bonds

The capital appreciation bonds mature from November 1, 2018 and November 1, 2019. The bonds were insured by Municipal Bond Insurance Association (MBIA) and carried “Aaa” and “AAA” ratings from Moody’s and S&P, respectively. In February 2009, the bonds were further reinsured by National Public Finance Guarantees Corp. (NPFGC) and carried “Baa1” and “A” ratings from Moody’s and S&P, respectively. On May 29, 2013, the SFPUC transferred \$2,500 to U.S. Bank, trustee of the 1991 Series A San Francisco Water Revenue Bonds (the Bonds), for the purpose of replacing the debt service reserve surety policy that had been satisfying the reserve requirement of the bonds. The surety policy had been provided by NPFGC. With this transfer, the surety policy is effectively terminated. The amount deposited with the U.S. Bank will continue to satisfy the reserve requirement on the bonds. Interest on the capital appreciation bonds is due upon maturity and is recognized as annual interest expense over the life of the bonds using the interest

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method. The Water Enterprise has recognized \$2,029 of unpaid principal and interest on the capital appreciation bonds as of June 30, 2019, and has reported it as capital appreciation bonds in the accompanying statements of net position. As of June 30, 2020 the balance of unpaid principal and interest on the capital appreciation bonds is \$0.

b) Water Revenue Bonds 2009 Series A

On April 16, 2015, the Water Enterprise issued \$429,600 of the 2015 Series A revenue bonds for the purpose of refunding \$431,860 of the then outstanding 2006 Series A revenue bonds and \$39,030 of the 2009 Series A revenue bonds. The 2015 bonds bear coupon rates of 2.0% and 5.0% and mature serially from 2018 to 2036. The refunded 2009 Series A bonds carried coupon rates of 5.0% and matured serially between 2023 and 2026. Although the refunding resulted in the recognition of a deferred accounting loss of \$6,168, the economic gain was \$2,559 or 6.6% of the refunded principal. The remaining 2009 Series A bonds not refunded included serial and term bonds with interest rates ranging from 4.0% to 5.3%. The Bonds mature through November 1, 2039.

A portion of the proceeds of the 2015 Series A revenue refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated April 1, 2015, to refund and legally defease a portion of the outstanding 2009 Series A bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent will be sufficient to refund and legally defease the 2009 Series A bonds maturing on November 1, 2023 to and including November 1, 2026.

A portion of the proceeds of the 2016 Series A refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated October 1, 2016, to refund and legally defease a portion of the outstanding 2009 Series A bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to refund and legally defease bonds maturing November 1, 2020 through and including November 1, 2022 and November 1, 2026 to and including November 1, 2039. As of June 30, 2020 and 2019, the principal amount of 2009 Series A bonds outstanding was \$0 and \$9,635, respectively.

c) Water Revenue Bonds 2009 Series B

During fiscal year 2010, the Water Enterprise issued revenue bonds, 2009 Series B in the amount of \$412,000. The purpose of the bonds is to provide \$377,778 in new money for WSIP capital projects, with the balance applied to financing costs and a cash-funded debt service reserve. The bonds were rated "AA-" and "A1" from S&P and Moody's, respectively. The bonds include serial and term bonds with interest rates varying from 4.0% to 5.0%. The bonds mature through November 1, 2039. The 2009 Series B bonds have a true interest cost of 4.5%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. Prepayment proceeds in the amount of \$24,014 were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2009 Series B bonds. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent

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will be sufficient to partially defease a portion of the 2009 Series B bonds maturing November 1, 2013 through 2018.

A portion of the proceeds of the 2016 Series A refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated October 1, 2016, to refund and legally defease a portion of the outstanding 2009 Series B bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to refund and legally defease all of the maturities of the 2009 Series B bonds starting on November 1, 2020 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2009 Series B bonds outstanding was \$0 and \$9,635, respectively.

d) *Water Revenue Bonds 2010 Series AB*

In fiscal year 2010, the Water Enterprise issued revenue bonds, 2010 Series ABC in the combined principal amount of \$488,705. The purpose of the bonds is to refund \$14,400 of outstanding 2001 Series A revenue bonds, to provide \$58,748 in proceeds for the Advanced Meter Infrastructure System (AMI) Project and to provide \$364,757 in new money for WSIP capital projects, with the balance applied to financing costs and a cash-funded debt service reserve fund. The bonds were rated “AA-” and “Aa2” from S&P and Moody’s, respectively. The bonds included serial and term bonds with interest rates ranging from 2.0% to 6.0%.

The 2010 Series A Bonds in the par amount of \$56,945 were issued as tax-exempt bonds to provide funds for the SFPUC’s AMI Project and pay financing costs. The 2010 Series A bonds were issued as serial bonds with coupons ranging from 2.0% to 5.0% and have a final maturity of 2030. The Series A bonds have a true interest cost of 3.8%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. Prepayment proceeds in the amount of \$11,681 were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2010 Series A bonds. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2010 Series A bonds maturing November 1, 2013 through 2018.

A portion of the proceeds of the 2016 Series B refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated October 1, 2016, to refund and legally defease a portion of the outstanding 2010 Series A bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem all of the maturities of the 2010 Series A bonds starting on November 1, 2020 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2010 Series A bonds outstanding was \$0 and \$2,530, respectively.

The 2010 Series B Bonds in the par amount of \$417,720 were issued as taxable Build America Bonds (with Direct Pay Subsidy) to provide \$364,757 in new money for WSIP capital projects and pay financing costs. The 2010 Series B bonds were issued as serial and term bonds with coupons ranging from 4.0% to 6.0% and have a final maturity of 2040. The Series B bonds have a true

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interest cost (net of federal subsidy) of 3.9%. As of June 30, 2020 and 2019, the principal amount outstanding was \$373,420 and \$384,975, respectively.

e) *Water Revenue Bonds 2010 Series DE*

In July 2010, the Water Enterprise issued revenue bonds 2010 Series DE in the combined principal amount of \$446,925. The purpose of the bonds is to advance refund \$31,570 of outstanding 2002 Series A revenue bonds and to provide \$372,689 in new money for WSIP capital projects, with the balance applied to financing costs and a cash-funded debt service reserve fund. The bonds were rated "AA-" and "Aa2" from S&P and Moody's, respectively. The bonds included serial and term bonds with interest rates ranging from 3.0% to 6.0%.

The 2010 Series D Bonds in the par amount of \$102,725 were issued as tax-exempt bonds to provide \$72,243 in new money for WSIP capital projects and \$35,080 to advance refund a portion of outstanding 2002 Series A revenue bonds. The Series D bonds were issued as serial bonds with coupons ranging from 3.0% to 5.0% and have a final maturity of 2021. The Series D bonds have a true interest cost of 2.5%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$12,360 of the repayment proceeds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2010 Series D bonds. BAWSCA repayment funds were combined with \$165 from the 2010 Series D Capitalized Interest Account. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2010 Series D bonds maturing November 1, 2015 through 2017. As of June 30, 2020 and 2019, the principal amount of 2010 Series D bonds outstanding was \$30,990 and \$47,770, respectively.

The 2010 Series E Bonds in the par amount of \$344,200 were issued as taxable Build America Bonds (with Direct Pay Subsidy) to provide \$300,446 in new money proceeds for WSIP capital projects. The Series E bonds were issued as serial and term bonds with coupons ranging from 4.9% to 6.0% and have a final maturity of 2040. The Series E bonds have a true interest cost (net of federal subsidy) of 3.8%. As of June 30, 2020 and 2019, the principal amount of 2010 Series E bonds outstanding was \$344,200.

f) *Water Revenue Bonds 2010 Series FG*

In December 2010, the Water Enterprise issued revenue bonds 2010 Series FG in the combined principal amount of \$532,430. The purpose of the bonds is to provide \$437,980 in new money for WSIP capital projects, with the balance applied to financing costs and a cash-funded debt service reserve. The bonds were rated "AA-" and "Aa2" from S&P and Moody's, respectively. The bonds included serial and term bonds with interest rates ranging from 3.0% to 7.0%.

The \$180,960 Series F bonds were issued as tax-exempt bonds to provide \$149,728 in new money for WSIP capital projects. The Series F bonds were issued as serial and term bonds with coupons ranging from 3.0% to 5.5% and have a final maturity of 2030. The Series F bonds have a true interest cost of 4.8%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$3,646 of the repayment proceeds were deposited with the

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trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2010 Series F bonds. BAWSCA repayment funds were combined with \$131 from the 2010 Series F Capitalized Interest Account. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2010 Series F bonds maturing November 1, 2017 and 2018.

A portion of the proceeds of the 2016 Series A refunding bonds and 2019 Series A refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated October 1, 2016 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2010 Series F bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to refund and legally defease all of the maturities of the 2010 Series F bonds starting on November 1, 2020 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2010 Series F bonds outstanding was \$0 and \$23,975, respectively.

The \$351,470 Series G bonds were issued as taxable Build America Bonds (with Direct Pay Subsidy) to provide \$288,252 in new money for WSIP capital projects. The Series G bonds were issued as term bonds with a coupon of 7.0% and have a final maturity of 2050. The Series G bonds have a true interest cost (net of federal subsidy) of 4.5%. As of June 30, 2020 and 2019, the principal amount of 2010 Series G bonds outstanding was \$351,470.

g) *Water Revenue Bonds 2011 Series ABCD*

In August 2011, the Water Enterprise issued revenue bonds, 2011 Series ABCD in the combined principal amount of \$720,750. The purpose of the bonds is to provide new money for WSIP capital projects, to finance Hetch Hetchy Water Improvements, and to finance the Local Water Main Replacement Projects, as well as refund \$56,670 of outstanding 2001 Series A and 2002 Series A revenue bonds, with the balance applied to financing costs and a cash-funded debt service reserve. The bonds were rated "AA-" and "Aa3" from S&P and Moody's, respectively. The bonds included serial and term bonds with interest rates varying from 3.0% to 5.0%.

The \$602,715 Series A bonds were issued as tax-exempt bonds to provide \$525,000 in new money for WSIP capital projects. The Series A bonds were issued as serial and term bonds with coupons ranging from 4.3% to 5.0% and have a final maturity of 2041. The Series A bonds have a true interest cost of 4.6%.

A portion of the proceeds of the 2017 Series D and G and 2019 Series A refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2011 Series A bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series A bonds starting on November 1, 2020 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2011 Series A bonds outstanding was \$0 and \$322,480, respectively.

The \$28,975 Series B bonds were issued as tax-exempt bonds to provide \$27,710 to finance improvements to certain up-country water storage and transmission facilities under the

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jurisdiction of Hetch Hetchy Water and Power and CleanPowerSF. The Series B bonds were issued as serial and term bonds with coupons ranging from 3.5% to 5.0% and have a final maturity of 2041. The Series B bonds have a true interest cost of 4.5%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$515 of the repayment proceeds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2011 Series B bonds. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2011 Series B bonds maturing November 1, 2017 through 2018.

A portion of the proceeds from the 2017 Series F and 2019 Series B refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2011 Series B bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series B bonds starting on November 1, 2022 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2011 Series B bonds outstanding was \$1,485 and \$17,870, respectively.

The \$33,595 Series C bonds were issued as tax-exempt bonds to provide \$33,772 to finance certain water main replacement projects within the City. The Series C bonds were issued as serial and term bonds with coupons ranging from 3.0% to 5.0% and have a final maturity of 2041. The Series C bonds have a true interest cost of 4.4%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$3,824 of the repayment proceeds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2011 Series C bonds. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities - SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2011 Series C bonds maturing November 1, 2014 through 2018.

A portion of the proceeds of the 2017 Series E and 2019 Series C refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2011 Series C bonds. These deposits, together with certain other available monies were held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series C bonds starting on November 1, 2022 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2011 Series C bonds outstanding was \$1,620 and \$19,475, respectively.

The \$55,465 Series D bonds were issued as tax-exempt bonds to provide \$59,381 to refund, on a current basis, a portion of the 2001 Series A bonds as well as refund, on an advance basis, a portion of the 2002 Series A bonds. The Series D bonds were issued as serial bonds with coupons

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ranging from 4.0% to 5.0% and have a final maturity of 2028. The Series D bonds have a true interest cost of 3.8%.

A portion of the proceeds of the 2017 Series E refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated December 1, 2017, to refund and legally defease a portion of the outstanding 2011 Series D bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series D bonds starting on November 1, 2022 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2011 Series D bonds outstanding was \$19,135.

h) Water Revenue Bonds 2012 Series AB and C (C1 and C2)

In June 2012, the Water Enterprise issued revenue bonds, 2012 Series ABC in the combined principal amount of \$701,880. The purpose of the bonds was to provide \$530,000 of new money for WSIP capital projects, \$15,750 to reimburse the Water Enterprise for costs to settle litigation arising out of certain capital projects of benefit to the Water Enterprise, and to refund \$99,180 of outstanding 2001 Series A and 2002 Series A revenue bonds, with the balance applied to financing costs and a cash-funded debt service reserve. The bonds were rated “AA-” and “Aa3” from S&P and Moody’s, respectively. The bonds included serial and term bonds with interest rates varying from 4.0% to 5.0%.

The \$591,610 Series A bonds were issued as tax-exempt bonds to provide \$530,000 in new money for WSIP capital projects. The Series A bonds were issued as serial and term bonds with coupons ranging from 4.0% to 5.0% and have a final maturity of 2043. The Series A bonds have a true interest cost of 4.3%. A portion of the proceeds of the 2017 Series D and 2019 Series A refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2012 Series A bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2012 Series A bonds starting on November 1, 2031 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2012 Series A bonds outstanding was \$216,540 and \$459,455, respectively.

The \$16,520 Series B bonds were issued as tax-exempt bonds to reimburse the Water Enterprise \$15,750 for costs to settle litigation arising out of certain capital projects of benefit to the Water Enterprise. The Series B bonds were issued as serial and term bonds with coupons ranging from 4.0% to 5.0% and have a final maturity of 2043. The Series B bonds have a true interest cost of 4.1%. As of June 30, 2020 and 2019, the principal amount of 2012 Series B bonds outstanding was \$16,520.

The \$93,750 Series C bonds were issued as tax-exempt bonds to provide \$101,147 to refund, on a current basis, a portion of the 2001 Series A bonds as well as refund, on an advance basis, a portion of the 2002 Series A bonds. The Series C bonds were issued as serial bonds with coupons ranging from 4.0% to 5.0% and have a final maturity of 2032. The Series C bonds have a true interest cost of 3.7%. A portion of the proceeds of the 2017 Series E refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated December 1, 2017, to refund and legally defease a portion of the outstanding 2012 Series C bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and

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interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2012 Series C bonds starting on November 1, 2029 and thereafter. As of June 30, 2020 and 2019, the principal amount of 2012 Series C bonds outstanding was \$78,035.

i) Water Revenue Refunding Bonds 2012 Series D

In August 2012, the Water Enterprise issued tax-exempt revenue bonds, 2012 Series D in the amount of \$24,040 for the purpose of refunding the remaining portion of the outstanding 2002 Series B bonds maturing on and after November 1, 2013. The bonds carried “Aa3” and “AA-” ratings from Moody’s and S&P, respectively. The 2012 Series D refunding bonds include serial bonds with interest rates ranging from 1.8% to 5.0% and have a final maturity in 2019. The Series D bonds have a true interest cost of 1.34%. Unamortized 2002 Series B bond issuance costs were \$258 at the date of the refunding. The refunding resulted in the recognition of a deferred accounting loss of \$582, \$108 gross debt service savings over the next seven-year terms, and an economic gain of \$1,397 or 5.8% of the refunded principal. As of June 30, 2020 and 2019, the principal amount of 2012 Series D bonds outstanding was \$0 and \$12,215, respectively.

j) Water Revenue Refunding Bonds 2015 Series A

In April 2015, the Water Enterprise issued tax-exempt revenue bonds, 2015 Series A in the amount of \$429,600 for the purpose of refunding all the outstanding 2006 Series A bonds maturing on and after November 1, 2015 and portion of the outstanding 2009 Series A bonds maturing on and after November 1, 2023. The bonds carried “Aa3” and “AA-” ratings from Moody’s and S&P, respectively. The 2015 Series A bonds include serial bonds with interest rates varying from 2.0% to 5.0% and have a final maturity in 2036. The Series A bonds have a true interest cost of 3.3%. Unamortized 2006 Series A bond issuance costs were \$1,392, and there were no unamortized bond issuance costs for 2009 Series A bonds at the date of the refunding. The refunding resulted in the recognition of a deferred accounting loss of \$25,365, gross debt service savings of \$28,148 over the next 20 two-year terms, and an economic gain of \$48,561 or 10.3% of refunded principal. As of June 30, 2020 and 2019, the principal amount of 2015 Series A bonds outstanding was \$412,380 and \$426,380, respectively.

k) Water Revenue Refunding Bonds 2016 Series AB

In October 2016, the Water Enterprise issued tax-exempt revenue bonds, 2016 Series AB in the aggregate amount of \$893,820. The 2016 Series A bonds were issued for the purpose of refunding a portion of the outstanding 2009 Series A bonds maturing on and after November 1, 2020, a portion of the outstanding 2009 Series B bonds maturing on and after November 1, 2020, and a portion of the outstanding 2010 Series F bonds maturing on and after November 1, 2021. The 2016 Series B bonds were issued for the purpose of refunding, on a current basis, all the outstanding 2006 Series B and Series C bonds, and a portion of the outstanding 2010 Series A bonds maturing on and after November 1, 2020, the bonds carried “Aa3” and “AA-” ratings from Moody’s and S&P, respectively. The 2016 Series AB bonds include serial bonds with interest rates varying from 1.5% to 5.0% and have a final maturity in 2039. The Series AB bonds have a true interest cost of 2.9%. Unamortized bond issuance costs at the date of refunding were \$145 for 2006 Series B bonds and \$54 for 2006 Series C bonds. The refunding resulted in the recognition of a deferred accounting loss of \$106,205, gross debt service savings of \$135,966, and an economic gain of \$107,152 or 11.5% of refunded principal. As of June 30, 2020 and 2019, the principal amount of 2016 Series AB bonds outstanding was \$858,985 and \$867,905, respectively.

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l) Water Revenue Bonds 2016 Series C

In December 2016, the Water Enterprise issued taxable bonds, 2016 Series C in the amount of \$259,350. The bonds were issued as Green Bonds. The purpose of the bonds was to refund all of the outstanding taxable commercial paper notes in the approximate amount of \$237,000, and to provide \$19,975 of new money for WSIP capital projects. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2016 Series C bonds include serial bonds with interest rates varying from 0.9% to 4.0% and have a final maturity in 2046, and two term bonds with 4.0% and 4.2% interest rates and final maturities of 2041 and 2046. The Series C bonds have a true interest cost of 3.9%. As of June 30, 2020 and 2019, the principal amount of 2016 Series C bonds outstanding was \$242,755 and \$248,360, respectively.

m) Water Revenue Bonds 2017 Series ABC

In December 2017, the Water Enterprise issued tax-exempt revenue bonds, 2017 ABC in the aggregate amount of \$339,540. The purpose of the 2017 Series ABC Bonds was to refund approximately \$120,500 aggregate principal amount of commercial paper notes and to provide \$230,500 new money for WSIP capital projects, other various capital projects of the Water Enterprise, and capital projects of Hetch Hetchy Water. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2017 Series ABC bonds include serial bonds with coupon rates of 5.0% and have final maturity in 2045, and four term bonds with coupons of 5.0% and final maturities from 2045 to 2047.

The \$121,140 2017 Series A bonds were issued as tax-exempt Green Bonds to refund approximately \$60,265 of commercial paper notes and to provide \$65,500 in new money for WSIP capital projects. The Series A bonds were issued as serial and term bonds with coupons of 5.0% and a final maturity of 2047. The Series A bonds have a true interest cost of 3.8%. As of June 30, 2020 and 2019, the principal amount of 2017 Series A bonds outstanding was \$121,140.

The \$147,725 2017 Series B bonds were issued as tax-exempt bonds to provide \$150,000 in new money for Water Enterprise capital projects (non-WSIP). The Series B bonds were issued as serial and term bonds with coupons of 5.0% and have a final maturity of 2047. The Series B bonds have a true interest cost of 3.8%. As of June 30, 2020 and 2019, the principal amount of 2017 Series B bonds outstanding was \$147,725.

The \$70,675 2017 Series C bonds were issued as tax-exempt bonds to refund approximately \$60,266 of commercial paper notes and to provide \$15,000 in new money for Hetch Hetchy Water capital projects. The Series C bonds were issued as serial bonds and a term bond with coupons of 5.0% and have a final maturity of 2047. The Series C bonds have a true interest cost of 3.8%. As of June 30, 2020 and 2019, the principal amount of 2017 Series C bonds outstanding was \$70,675.

n) Water Revenue Refunding Bonds 2017 Series DEFG

In December 2017, the Water Enterprise issued tax-exempt revenue bonds, 2017 Series DEF, and taxable 2017 Series G refunding bonds in the aggregate amount of \$442,180. The 2017 Series D (WSIP, Green) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series A (WSIP) bonds maturing on and after November 1, 2022, a portion of the outstanding 2012 Series A bonds maturing on and after November 1, 2031.

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The 2017 Series E bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series C bonds maturing on or after November 1, 2022, a portion of the outstanding 2011 Series D bonds maturing on and after November 1, 2022, a portion of 2012 Series C1 bonds maturing on or after November 1, 2029.

The 2017 Series F bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series B bonds maturing on or after November 1, 2022.

The taxable 2017 Series G (WSIP, Green) bonds were issued to refund a portion of the outstanding 2011 Series A bonds maturing on and after November 1, 2022.

The bonds carried “Aa3” and “AA-” ratings from Moody’s and S&P, respectively. The 2017 Series DEFG bonds include serial bonds with interest rates varying from 2.0% to 5.0% and have a final maturity in 2035. The Series DEFG bonds have a true interest cost of 2.9%. The refunding resulted in the recognition of a deferred accounting loss of \$34,275, gross debt service savings of \$68,942, and an economic gain of \$51,698 or 10.7% of refunded principal. As of June 30, 2020 and 2019, the principal amount of 2017 Series DEFG bonds outstanding was \$439,485 and \$440,845, respectively.

o) Water Revenue Refunding Bonds 2019 Series ABC

In January 2020, the Water Enterprise issued taxable revenue bonds, 2019 Series ABC refunding bonds in the aggregate amount of \$656,955. The 2019 Series A (WSIP, Green) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series F (WSIP) bonds maturing on and after November 1, 2020, a portion of the outstanding 2011 Series A (WSIP) bonds maturing on and after November 1, 2020, and a portion of the outstanding 2012 Series A (WSIP) bonds maturing on and after November 1, 2035.

The 2019 Series B (Hetch Hetchy Water) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series B bonds maturing on or after November 1, 2032.

The 2019 Series C (Local) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series C bonds maturing on or after November 1, 2032.

The bonds carried “Aa2” and “AA-” ratings from Moody’s and S&P, respectively. The 2019 Series ABC bonds include serial bonds with interest rates varying from 1.8% to 3.5% and have a final maturity in 2043. The Series ABC bonds have a true interest cost of 3.3%. The refunding resulted in the recognition of a deferred accounting loss of \$17,329, gross debt service savings of \$119,827, and an economic gain of \$92,556 or 14.0% of refunded principal. As of June 30, 2020, the principal amount of 2019 Series ABC bonds outstanding was \$656,955.

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p) Future Annual Debt Service of Revenue Bonds

The following table presents the future annual debt service relating to the revenue and refunding bonds outstanding as of June 30, 2020. The federal interest subsidy amounts represent 35.0%, excluding sequestration, of the interest for the revenue bond 2010 Series B, E, and G.

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2021	\$ 94,080	213,741	(21,828)	191,913
2022	108,025	202,998	(21,621)	181,377
2023	125,050	198,100	(21,290)	176,810
2024	130,760	192,265	(20,841)	171,424
2025	136,375	186,121	(20,370)	165,751
2026-2030	799,970	819,469	(93,682)	725,787
2031-2035	982,880	599,913	(74,984)	524,929
2036-2040	1,151,675	343,194	(47,369)	295,825
2041-2045	621,445	127,697	(22,003)	105,694
2046-2050	207,155	35,793	(9,778)	26,015
2051	26,100	907	(299)	608
	<u>4,383,515</u>	<u>2,920,198</u>	<u>(354,065)</u>	<u>2,566,133</u>
Less: Current portion	(94,080)			
Less: Unamortized bond discount	(143)			
Add: Unamortized bond premiums	311,923			
Long-term portion as of June 30, 2020	<u>\$ 4,601,215</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidies on the 2010 Series B bonds, 2010 Series E bonds, and 2010 Series G bonds are reduced by 5.7%, or a total reduction of \$21,401, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

As defined in the Indentures, the principal and interest of the Water Enterprise's revenue and refunding bonds are payable from its revenues, as well as monies deposited in certain funds and accounts pledged thereto (See Note 5).

q) SF Westside Recycled Water Project and Future Annual Debt Service for Clean Water State Revolving Fund (CWSRF) Loan and Grant

In September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan and Grant to fund the Water Enterprise's SF Westside Recycled Water Project. The CWSRF loan is in the amount of \$186,220, which includes \$15,000 of principal forgiveness, or a grant. It will bear an interest rate of 1% for a 30-year term, with loan repayment beginning one year after substantial completion of project construction. The CWSRF loan is secured on a parity lien basis with the Water Enterprise's outstanding revenue bonds. The principal outstanding as of June 30, 2020 and 2019 was \$73,271 and \$0, respectively.

<u>California Clean Water State Revolving Fund Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2021	\$ —	—	—
2022	2,106	733	2,839
2023	2,127	712	2,839
2024	2,149	690	2,839
2025	2,170	669	2,839
2026-2030	11,181	3,014	14,195
2031-2035	11,751	2,444	14,195
2036-2040	12,351	1,845	14,196
2041-2045	12,981	1,215	14,196
2046-2050	13,643	553	14,196
2051	2,812	27	2,839
Total	<u>\$ 73,271</u>	<u>11,902</u>	<u>85,173</u>

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r) *Proposition A*

On November 5, 2002, the San Francisco voters passed Proposition A, which provides for the issuance of revenue bonds and/or other forms of indebtedness by the Commission in a principal amount not to exceed \$1,628,000 to finance the acquisition and construction of improvements to the City's Water System. As of June 30, 2020, there was no commercial paper outstanding pursuant to this authorization and \$1,348,335 of bonds had been issued in fiscal years 2006, 2010, and 2012 against Prop A. The total authorization against Prop A was \$1,348,335 as of June 30, 2020.

s) *Proposition E*

On November 5, 2002, the San Francisco voters passed Proposition E, which authorizes the Board of Supervisors' approval of the issuance of revenue bonds and/or other forms of indebtedness by the Commission to finance costs for the Commission's capital programs, including WSIP. As of June 30, 2020, the Board of Supervisors has authorized the issuance of \$4,269,958 in revenue bonds with \$3,464,660 issued against this authorization; and in September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan and Grant to fund the Water Enterprise's SF Westside Recycled Water Project in the amount of \$186,220 (which includes a \$15,000 grant and \$73,271 in reimbursements requested on the loan as of June 30, 2020). Additionally, \$362,354 and \$161,336 in commercial paper was outstanding pursuant to this authorization as of June 30, 2020 and 2019, respectively.

t) *Events of Default and Remedies*

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, significant events of default as specified in the Water Enterprise Indenture (applicable to Water Revenue Bonds, Capital Appreciation Bonds and CWSRF Loan) include 1. Non-payment 2. material breach of warranty, representation or indenture covenants (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners (by aggregate amount of the bond obligations or of a credit provider), declaring the principal and the interest accrued thereon, and of all Capital Appreciation bonds then outstanding, in the amount of the Accreted Value thereof, to be due and payable immediately. As of June 30, 2020, there were no such events describe herein.

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Wastewater Long-Term Liability activities for the year ended June 30, 2020 and 2019 are as follows:

	Interest rate	Maturity (Calendar Year)	2019	Additions	Reduction	2020	Due within one year
Revenue bonds:							
2010 Series A	4.00 - 5.00 %	2021	\$ 25,190	—	(7,980)	17,210	8,390
2010 Series B (Build America)	4.65 - 5.82	2040	192,515	—	—	192,515	—
2013 Series A	1.00 - 5.00	2025	58,550	—	(14,105)	44,445	14,850
2013 Series B	4.00 - 5.00	2042	331,585	—	—	331,585	—
2016 Series A	4.00 - 5.00	2046	240,580	—	—	240,580	—
2016 Series B	4.00 - 5.00	2046	67,820	—	—	67,820	—
2018 Series A	4.00 - 5.00	2043	229,050	—	—	229,050	—
2018 Series B	5.00	2043	185,950	—	—	185,950	—
2018 Series C	2.13	2048	179,145	—	—	179,145	—
For issuance premiums			142,224	—	(8,791)	133,433	—
Total revenue bonds payable			1,652,609	—	(30,876)	1,621,733	23,240
2009 Series C Certificates of Participation (COPs)	2.00 - 5.00	2022	3,069	—	(711)	2,358	747
2009 Series C COPs issuance premiums			76	—	(33)	43	—
2009 Series D COPs (Build America)	6.36 - 6.49	2041	24,458	—	—	24,458	—
State Revolving Fund Loans (CWSRF Loans)	1.60 - 1.80	2050	88,032	1,756	(1,239)	88,549	2,458
Other post-employment benefits obligations			53,567	9,002	(4,386)	58,183	—
Net pension liability			85,037	18,863	(17,665)	86,235	—
Accrued vacation and sick leave			7,277	4,324	(2,687)	8,914	4,801
Accrued workers' compensation			5,914	1,932	(1,795)	6,051	1,112
Damage claims liability			16,368	1,952	(2,429)	15,891	8,994
Pollution remediation obligations			7,500	300	—	7,800	—
Total			\$ 1,943,907	38,129	(61,821)	1,920,215	41,352

	Interest rate	Maturity (Calendar Year)	2018	Additions	Reductions	2019	Due within one year
Revenue bonds:							
2010 Series A	4.00 - 5.00 %	2021	\$ 32,820	—	(7,630)	25,190	7,980
2010 Series B (Build America)	4.65 - 5.82	2040	192,515	—	—	192,515	—
2013 Series A	1.00 - 5.00	2025	71,930	—	(13,380)	58,550	14,105
2013 Series B	4.00 - 5.00	2042	331,585	—	—	331,585	—
2016 Series A	4.00 - 5.00	2046	240,580	—	—	240,580	—
2016 Series B	4.00 - 5.00	2046	67,820	—	—	67,820	—
2018 Series A	4.00 - 5.00	2043	—	229,050	—	229,050	—
2018 Series B	5.00	2043	—	185,950	—	185,950	—
2018 Series C	2.13	2048	—	179,145	—	179,145	—
For issuance premiums			81,896	68,958	(8,630)	142,224	—
Total revenue bonds payable			1,019,146	663,103	(29,640)	1,652,609	22,085
2009 Series C Certificates of Participation (COPs)	2.00 - 5.00	2022	3,745	—	(676)	3,069	711
2009 Series C COPs issuance premiums			118	—	(42)	76	—
2009 Series D COPs (Build America)	6.36 - 6.49	2041	24,458	—	—	24,458	—
State Revolving Fund Loans (CWSRF Loans)	1.60 - 1.80	2050	22,607	66,850	(1,425)	88,032	1,239
Other post-employment benefits obligations			59,517	2,833	(8,783)	53,567	—
Net pension liability			100,973	12,620	(28,556)	85,037	—
Accrued vacation and sick leave			6,415	3,953	(3,091)	7,277	4,151
Accrued workers' compensation			5,784	1,944	(1,814)	5,914	1,031
Damage claims liability			14,066	4,699	(2,397)	16,368	7,013
Pollution remediation obligations			4,703	3,000	(203)	7,500	—
Total			\$ 1,261,532	759,002	(76,627)	1,943,907	36,230

The payments of principal and interest amounts on various bonds are secured by net revenues of the Wastewater Enterprise.

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(a) Wastewater Revenue Bonds 2010 Series A

During fiscal year 2010, the Wastewater Enterprise issued revenue bonds 2010 Series A in the amount of \$47,050 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used to redeem \$50,000 in outstanding commercial paper notes, fund a cash debt service reserve fund, and pay the costs of issuing the bonds. The bonds were rated “Aa3” and “AA-” by Moody’s and S&P, respectively at the time of issuance. Bonds mature through October 1, 2021. The true interest cost is 2.9%. As of June 30, 2020 and 2019, the 2010 Series A bonds’ principal amount outstanding was \$17,210 and \$25,190, respectively.

(b) Wastewater Revenue Bonds 2010 Series B

During fiscal year 2010, the Wastewater Enterprise issued revenue bonds 2010 Series B (Federally Taxable – Build America Bonds – Direct Payment) in the amount of \$192,515 with interest rates ranging from 4.7% to 5.8%. Proceeds from the bonds were used to redeem \$53,500 in outstanding commercial paper notes, provide funding for capital projects in the amount of \$112,429, fund a cash debt service reserve fund, and pay financing costs for the bonds. The bonds were rated “Aa3” and “AA-” by Moody’s and S&P, respectively at the time of issuance. Bonds mature through October 1, 2040. The true interest cost is 3.7%. As of June 30, 2020 and 2019, the 2010 Series B bonds’ principal amount outstanding was \$192,515.

(c) Wastewater Revenue Bonds 2013 Series A

In January 2013, the Wastewater Enterprise issued tax-exempt revenue bonds 2013 Series A in the amount of \$193,400 for the purpose of refunding the remaining portion of the outstanding 2003 Series A bonds maturing on and after October 1, 2013. The bonds carried “Aa3” and “AA-” ratings from Moody’s and S&P, respectively at the time of issuance. The 2013 Series A refunding bonds include serial bonds with interest rates varying from 1.0% to 5.0% and have a final maturity in October 2025. The Series A bonds have a true interest cost of 1.2%. The 2013 Series A bonds also refunded the remaining portion of the outstanding state revolving fund loans. The refunding resulted in the recognition of a deferred accounting loss of \$2,986, gross debt service savings of \$35,107 over the next 13 years, and an economic gain of \$32,783 or 15.4% of the refunded principal. As of June 30, 2020 and 2019, the principal amount outstanding of the 2013 Series A bonds was \$44,445 and \$58,550, respectively.

(d) Wastewater Revenue Bonds 2013 Series B

In February 2013, the Wastewater Enterprise issued revenue bonds 2013 Series B in the amount of \$331,585 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, pay off all outstanding Wastewater commercial paper notes, and pay the costs of issuing the bonds. The bonds were rated “Aa3” and “AA-” by Moody’s and S&P, respectively at the time of issuance. Bonds mature through October 1, 2042. The true interest cost is 3.6%. As of June 30, 2020 and 2019, the principal amount outstanding of the 2013 Series B bonds was \$331,585.

(e) Wastewater Revenue Bonds 2016 Series A

In May 2016, the Wastewater Enterprise issued tax-exempt revenue bonds 2016 Series A (Green Bonds) in the amount of \$240,580 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, to pay off \$53,439 of outstanding commercial paper notes, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of “AA” and “Aa3” from S&P and Moody’s, respectively at

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the time of issuance. Bonds mature through October 1, 2046. The bonds have a true interest cost of 3.2%. As of June 30, 2020 and 2019, the principal amount outstanding of the 2016 Series A bonds was \$240,580.

(f) Wastewater Revenue Bonds 2016 Series B

In May 2016, the Wastewater Enterprise issued tax-exempt revenue bonds 2016 Series B in the amount of \$67,820 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, to pay off \$20,560 of outstanding commercial paper notes, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2046. The bonds have a true interest cost of 3.2%. As of June 30, 2020 and 2019, the principal amount outstanding of the 2016 Series B bonds was \$67,820.

(g) Wastewater Revenue Bonds 2018 Series A

In August 2018, the Wastewater Enterprise issued tax-exempt revenue bonds 2018 Series A (SSIP) (Green Bonds) in the amount of \$229,050 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects in furtherance of the SFPUC's Sewer System Improvement Program (SSIP), to pay off \$25,000 of outstanding commercial paper notes, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2043. The bonds have a true interest cost of 3.4%. As of June 30, 2020 and 2019, the principal amount outstanding of the 2018 Series A bonds was \$229,050.

(h) Wastewater Revenue Bonds 2018 Series B

In August 2018, the Wastewater Enterprise issued tax-exempt revenue bonds 2018 Series B (Non-SSIP) in the amount of \$185,950 with 5.0% interest rate. Proceeds from the bonds were used for Wastewater capital projects, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2043. The bonds have a true interest cost of 3.5%. As of June 30, 2020 and 2019, the principal amount outstanding of the 2018 Series B bonds was \$185,950.

(i) Wastewater Revenue Bonds 2018 Series C

In August 2018, the Wastewater Enterprise issued tax-exempt revenue bonds 2018 Series C (SSIP) (Green Bonds) in the amount of \$179,145 with 2.1% interest rate. Proceeds from the bonds were used for Wastewater capital projects, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2048. The Initial Mandatory Tender date of the 2018 Series C bonds is October 1, 2023. The bonds have a true interest cost of 3.5%. As of June 30, 2020 and 2019, the principal amount outstanding of the 2018 Series C bonds was \$179,145.

(j) Future Annual Debt Service of Revenue and Refunding Bonds

The following table presents the future annual debt service relating to the revenue and refunding bonds outstanding as of June 30, 2020. The interest before subsidy amounts include the interest for 2010 Series A and B, 2013 Series A and B, 2016 Series A and B, and 2018

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Series A, B, and C bonds. The federal interest subsidy amounts represent 35% of the interest, excluding sequestration, for the 2010 Series B revenue bonds.

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2021	\$ 23,240	64,966	(3,527)	61,439
2022	22,880	63,863	(3,527)	60,336
2023	34,345	62,496	(3,471)	59,025
2024	36,905	62,441	(3,356)	59,085
2025	36,935	62,291	(3,234)	59,057
2026-2030	212,780	281,459	(14,069)	267,390
2031-2035	269,170	220,538	(9,771)	210,767
2036-2040	337,050	146,963	(4,393)	142,570
2041-2045	336,905	66,939	(133)	66,806
2046-2049	178,090	12,958	-	12,958
	<u>1,488,300</u>	<u>1,044,914</u>	<u>(45,481)</u>	<u>999,433</u>
Less: Current portion	(23,240)			
Add: Unamortized bond premiums	133,433			
Long-term portion as of June 30, 2020	<u>\$ 1,598,493</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy on the 2010 Series B bonds is reduced by 5.7%, or a total reduction of \$2,749, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

As defined in the Indenture, the principal and interest of the Wastewater Enterprise's refunding bonds are payable from its corresponding revenue as well as monies deposited in certain funds and accounts pledged thereto (see Note 5).

(k) Lake Merced Green Infrastructure Project CWSRF Loan

In January 2016, then amended in May 2016, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan to fund the Lake Merced Green Infrastructure Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$7,435. The loan bears an interest rate of 1.6% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion is expected by July 2020. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received loan disbursements to date totaling \$4,893 and a receivable for reimbursement of \$1,224. As of June 30, 2020 and 2019, the principal amount outstanding of the loan was \$6,117 and \$4,893, respectively.

(l) Southeast Plant (SEP) 521/522 and Disinfection Upgrade Project CWSRF Loan

In September 2017, then amended in December 2017 and May 2018, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund ("CWSRF") Loan to fund the SEP 521/522 and Disinfection Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$40,007. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in July 2019. The CWSRF loan is secured on a parity lien basis with the

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Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$36,152 and a receivable for reimbursement of \$2,041. As of June 30, 2020 and 2019, the principal amount outstanding of the loan was \$38,193 and \$37,661, respectively.

(m) *North Point Facility Outfall Rehabilitation Project CWSRF Loan*

In September 2017 the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan to fund the North Point Facility Outfall Rehabilitation Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$20,199. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in February 2018. The CWSRF loans is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$17,706. As of June 30, 2020 and 2019 the principal amount outstanding of the loan was \$16,644 and \$17,098, respectively.

(n) *SEP Primary/Secondary Clarifier Upgrade Project CWSRF Loan*

In September 2017 the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan to fund the SEP Primary/Secondary Clarifier Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$34,446. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in June 2018. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$29,197. As of June 30, 2020 and 2019, the principal amount outstanding of the loan was \$27,595 and \$28,380, respectively.

(o) *OSP Digester Gas Utilization Upgrade Project*

In May 2020 the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan to fund the OSP Digester Gas Utilization Upgrade Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of \$54,388, which includes \$4,000 of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion is expected in August 2021. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. As of June 30, 2020, the principal amount outstanding of the loan was \$0.

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(p) SEP Biosolids Digester Facilities Project

In May 2020 the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan to fund the SEP Biosolids Digester Facilities Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of \$132,000, which includes \$4,000 of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California’s most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project’s construction; substantial completion is expected in May 2026. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise’s outstanding revenue bonds. As of June 30, 2020, the principal amount outstanding of the loan was \$0.

(q) Future Annual Debt Services of State Revolving Fund Loans (CWSRF Loans)

The future annual debt services relating to the State Revolving Fund Loan to fund the Lake Merced Green Infrastructure Project, the North Point Facility Outfall Rehabilitation Project, the SEP Primary/Secondary Clarifier Upgrade Project, and the SEP 521/522 and Disinfection Upgrade Project outstanding as of June 30, 2020 are as follows:

<u>California Clean Water State Revolving Fund Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2021	\$ 2,458	1,123	3,581
2022	2,394	1,537	3,931
2023	2,436	1,495	3,931
2024	2,480	1,451	3,931
2025	2,524	1,407	3,931
2026-2030	13,313	6,341	19,654
2031-2035	14,546	5,109	19,655
2036-2040	15,893	3,762	19,655
2041-2045	17,365	2,290	19,655
2046-2050	14,886	718	15,604
2051	254	4	258
Total	<u>88,549</u>	<u>25,237</u>	<u>113,786</u>
Less: Current portion	(2,458)		
Long-term portion as of June 30, 2020	\$ <u>86,091</u>		

(r) WIFIA Loan Agreement-Biosolids Digester Facility Project

In July 2018 the San Francisco Public Utilities Commission (SFPUC) entered into a “Water Infrastructure Finance and Innovation Act (WIFIA)” Loan Agreement (“WIFIA Loan”) with the United States Environmental Protection Agency in the amount of \$699,242. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise’s Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise’s net revenues and is on a parity lien basis with the SFPUC’s outstanding Wastewater Revenue Bonds and Clean Water State Revolving Fund (SRF) Loans entered into with the California State Water Resources Control Board.

The original 2018 loan bore a fixed interest rate of 3.09% for a 35-year term, with loan repayment expected to begin in fiscal year 2026, after substantial completion of project construction. In June 2020 the SFPUC re-executed the WIFIA Loan Agreement to have a fixed

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interest rate of 1.45% for a 35-year term. All other terms of WIFIA Loan Agreement are unchanged.

The SFPUC has not submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2020.

(s) WIFIA Loan Agreement-Southeast Treatment Plant Improvements Project

In June 2020 the San Francisco Public Utilities Commission (SFPUC) entered into a “Water Infrastructure Finance and Innovation Act (WIFIA) Loan Agreement (WIFIA Loan) with the United States Environmental Protection Agency in the amount of \$513,862. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise’s SEP New Headworks Replacement Project and additional costs of the revised Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise’s net revenues and is on a parity lien basis with the SFPUC’s outstanding Wastewater Revenue Bonds and Clean Water State Revolving Fund (SRF) Loans entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 1.45% for a 35-year term, with loan repayment expected to begin in fiscal year 2025, after substantial completion of project construction. The SFPUC has not submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2020.

(t) Events of Default and Remedies

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, significant events of default as specified in the Wastewater Enterprise Indenture (applicable to Wastewater Revenue Bonds, SRF Loans, and WIFIA Loan include 1. Non-payment 2. material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and 3. bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners (by aggregate amount of the bond obligations or of a credit provider), declaring the principal and the interest accrued thereon, to be due and payable immediately. As of June 30, 2020, there were no such events described herein.

Hetchy Water Long-Term Liability activities for the years ended June 30, 2020 and 2019 are as follows:

	<u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>2020</u>	<u>Due within one year</u>
Other post-employment benefits obligations	\$ 15,404	2,206	(1,260)	16,350	–
Net pension liability	20,390	5,611	(4,524)	21,477	–
Accrued vacation and sick leave	1,388	653	(395)	1,646	911
Accrued workers' compensation	1,238	75	(126)	1,187	201
Damage claims liability	224	550	(216)	558	274
Total	\$ <u>38,644</u>	<u>9,095</u>	<u>(6,521)</u>	<u>41,218</u>	<u>1,386</u>

	<u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>2019</u>	<u>Due within one year</u>
Other post-employment benefits obligations	\$ 15,872	2,054	(2,522)	15,404	–
Net pension liability	25,216	2,212	(7,038)	20,390	–
Accrued vacation and sick leave	1,323	662	(597)	1,388	859
Accrued workers' compensation	989	462	(213)	1,238	201
Damage claims liability	233	323	(332)	224	70
Total	\$ <u>43,633</u>	<u>5,713</u>	<u>(10,702)</u>	<u>38,644</u>	<u>1,130</u>

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Hetchy Power Long-Term Liability activities for the years ended June 30, 2020 and 2019 are as follows:

	Interest Rate	Maturity (Calendar Year)	2019	Additions	Reductions	2020	Due within one year
Bonds:							
Clean Renewable Energy Bonds	0.00 %	2022	\$ 1,687	—	(422)	1,265	422
Qualified Energy Conservation Bonds	4.74	2027	4,765	—	(536)	4,229	542
New Clean Renewable Energy Bonds 2012	4.74	2020	713	—	(583)	130	130
New Clean Renewable Energy Bonds 2015	4.62	2032	3,422	—	(232)	3,190	236
2015 Series A Revenue Bonds	4.00 - 5.00	2045	32,025	—	—	32,025	—
2015 Series B Revenue Bonds	3.00 - 4.00	2026	6,090	—	(755)	5,335	785
Less issuance discount			(48)	—	14	(34)	—
Add issuance premiums			3,892	—	(224)	3,668	—
Total bonds payable			52,546	—	(2,738)	49,808	2,115
2009 Series C Certificates of Participation (COPs)	2.00 - 5.00	2022	1,580	—	(366)	1,214	384
2009 Series C COPs issuance premiums			39	—	(18)	21	—
2009 Series D COPs (Build America)	6.36 - 6.49	2041	12,593	—	—	12,593	—
Other post-employment benefits obligations			18,826	2,697	(1,540)	19,983	—
Net pension liability			24,920	6,858	(5,529)	26,249	—
Accrued vacation and sick leave			2,643	1,474	(1,160)	2,957	1,596
Accrued workers' compensation			2,261	261	(322)	2,200	384
Damage claims liability			2,053	9,182	(9,013)	2,222	705
Total			\$ 117,461	20,472	(20,686)	117,247	5,184

	Interest Rate	Maturity (Calendar Year)	2018	Additions	Reductions	2019	Due within one year
Bonds:							
Clean Renewable Energy Bonds	0.00 %	2022	\$ 2,109	—	(422)	1,687	422
Qualified Energy Conservation Bonds	4.74	2027	5,294	—	(529)	4,765	536
New Clean Renewable Energy Bonds 2012	4.74	2020	1,283	—	(570)	713	583
New Clean Renewable Energy Bonds 2015	4.62	2032	3,651	—	(229)	3,422	232
2015 Series A Revenue Bonds	4.00 - 5.00	2045	32,025	—	—	32,025	—
2015 Series B Revenue Bonds	3.00 - 4.00	2026	6,820	—	(730)	6,090	755
Less issuance discount			(62)	—	14	(48)	—
Add issuance premiums			4,121	—	(229)	3,892	—
Total bonds payable			55,241	—	(2,695)	52,546	2,528
2009 Series C Certificates of Participation (COPs)	2.00 - 5.00	2022	1,928	—	(348)	1,580	366
2009 Series C COPs issuance premiums			60	—	(21)	39	—
2009 Series D COPs (Build America)	6.36 - 6.49	2041	12,593	—	—	12,593	—
Other post-employment benefits obligations			19,400	2,510	(3,084)	18,826	—
Net pension liability			30,819	2,703	(8,602)	24,920	—
Accrued vacation and sick leave			2,564	1,679	(1,600)	2,643	1,533
Accrued workers' compensation			1,960	789	(488)	2,261	383
Damage claims liability			2,233	2,580	(2,760)	2,053	684
Total			\$ 126,798	10,261	(19,598)	117,461	5,494

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CleanPowerSF Long-Term Liability activities for the years ended June 30, 2020 and 2018 are as follows:

	<u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>2020</u>	<u>Due within one year</u>
Other post-employment benefits obligations	\$ 1,242	2,206	(1,251)	2,197	—
Net pension liability	1,070	2,052	(1,317)	1,805	—
Accrued vacation and sick leave	211	114	(34)	291	175
Damage claims liability	7	307	(208)	106	53
Total	\$ 2,530	4,679	(2,810)	4,399	228

	<u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>2019</u>	<u>Due within one year</u>
Other post-employment benefits obligations	\$ 728	717	(203)	1,242	—
Net pension liability	1,087	316	(333)	1,070	—
Accrued vacation and sick leave	64	196	(49)	211	142
Damage claims liability	—	44	(37)	7	3
Total	\$ 1,879	1,273	(622)	2,530	145

GASB Statement No. 88 Implemented in Fiscal Year 2019

In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This Statement applies to all Hetchy Power bonds and is discussed in each bond hereafter.

(a) Clean Renewable Energy Bonds

In November 2008, Hetchy Power issued \$6,325 of taxable CREBs to finance the installation of solar energy equipment on City-owned facilities, including Chinatown Branch Library, Maxine Hall Medical Center, City Distribution Division Warehouse, North Point Wastewater Plant, Chinatown Public Health Center, Municipal Transportation Agency Woods, and Municipal Transportation Agency Ways and Structures. The CREBs were non-rated and privately-placed with Banc of America Leasing. The net effective interest rate on the CREBs, after the federal tax subsidy, is 0% through 2022. Hetchy Power began making principal payments in the amount of \$422 on December 15, 2008 and will continue annual payments for 15 years until December 15, 2022. Funding for these payments will be guaranteed by net power revenues. Interest payments are not required, since the effective equivalent of interest on the bonds is paid in the form of federal tax credits in lieu of interest paid by the issuer.

Significant events of default as specified in the Equipment Lease/Purchase Agreement, include 1. payment defaults, 2. material breach of warranty, representation, or covenants of the Equipment Lease/Purchase Agreement (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which could cause acceleration of all Rental Payments. Assets constructed by the projects funded from proceeds of this debt obligation are pledged as collateral. As of June 30, 2020, there were no such events described herein.

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The future annual debt service relating to the CREBs outstanding as of June 30, 2020 is as follows:

Fiscal years ending June 30:	<u>Principal</u>
2021	\$ 422
2022	422
2023	421
	<u>1,265</u>
Less: Current portion	(422)
Less: Unamortized bond discount	(34)
Long-term portion as of June 30, 2020	<u>\$ 809</u>

(b) Qualified Energy Conservation Bonds

In December 2011, Hetchy Power issued \$8,291 of taxable QECBs. The QECBs were issued to fund certain qualified green components for the SFPUC's 525 Golden Gate Headquarters project. The QECBs were non-rated and privately placed with Banc of America Leasing. The net effective interest rate on the QECBs, after the federal tax subsidy, is 1.2% through 2028.

Significant events of default as specified in the Equipment Lease/Purchase Agreement, include 1. payment defaults 2. material breach of warranty, representation, or covenants of the Equipment Lease/Purchase Agreement (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which could cause acceleration of all Rental Payments. Assets constructed by the projects funded from proceeds of this debt obligation are pledged as collateral. As of June 30, 2020, there were no such events described herein.

The future annual debt service relating to the QECBs outstanding as of June 30, 2020 is as follows:

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
2021	\$ 542	194	(137)	57
2022	549	168	(119)	49
2023	555	142	(100)	42
2024	562	116	(82)	34
2025	569	89	(63)	26
2026-2028	1,452	104	(72)	32
	<u>4,229</u>	<u>813</u>	<u>(573)</u>	<u>240</u>
Less: Current portion	(542)			
Long-term portion as of June 30, 2020	<u>\$ 3,687</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy is reduced by 5.7% or a total reduction of \$35 due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

(c) New Clean Renewable Energy Bonds 2012

In April 2012, Hetchy Power issued \$6,600 of taxable NCREBs. The NCREBs were issued to fund certain qualified facilities that provide clean, renewable energy at Davies Symphony Hall, City Hall, and University Mound Reservoir. The NCREBs were non-rated and privately placed with Banc of America Leasing. The net effective interest rate on the NCREBs, after the federal tax subsidy, is 1.5% through 2021. \$288 and \$2,523 of principal was prepaid in fiscal year 2017 and 2016, respectively. There was no prepayment thence after.

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Significant events of default as specified in the Equipment Lease/Purchase Agreement, include 1. payment defaults 2. material breach of warranty, representation, or covenants of the Equipment Lease/Purchase Agreement (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which could cause acceleration of all Rental Payments. Assets constructed by the projects funded from proceeds of this debt obligation are pledged as collateral. As of June 30, 2020, there were no such events described herein.

The future annual debt service relating to the 2012 NCREBs outstanding as of June 30, 2020 is as follows:

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
2021	\$ 130	3	(2)	1
Less: Current portion	(130)			
Long-term portion as of June 30, 2020	<u>\$ —</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy is reduced by 5.7% due to sequestration or a total reduction of \$1 due to sequestration over the remaining life of the bond.

(d) New Clean Renewable Energy Bonds 2015

In October 2015, Hetchy Power issued \$4,100 of taxable 2015 NCREBs. The 2015 NCREBs were issued to fund certain qualified clean, renewable energy solar generation facilities at the Marina Middle School and the San Francisco Police Academy. The 2015 NCREBs were non-rated and privately placed with Banc of America Leasing. The net effective interest rate on the 2015 NCREBs, after the federal tax subsidy, is 1.4% through 2033.

Significant events of default as specified in the Equipment Lease/Purchase Agreement, include 1. payment defaults 2. material breach of warranty, representation, or covenants of the Equipment Lease/Purchase Agreement (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which could cause acceleration of all Rental Payments. Assets constructed by the projects funded from proceeds of this debt obligation are pledged as collateral. As of June 30, 2020, there were no such events described herein.

The future annual debt service relating to the 2015 NCREBs outstanding as of June 30, 2020 is as follows:

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
2021	\$ 236	145	(95)	50
2022	239	134	(88)	46
2023	242	123	(81)	42
2024	245	111	(74)	37
2025	249	100	(66)	34
2026-2030	1,297	324	(214)	110
2031-2033	682	47	(32)	15
	<u>3,190</u>	<u>984</u>	<u>(650)</u>	<u>334</u>
Less: Current portion	(236)			
Long-term portion as of June 30, 2020	<u>\$ 2,954</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy is reduced by 5.7% or a total reduction of \$39 due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

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(e) Power Revenue Bonds 2015 Series A (Green) and Series B

In May 2015, Hetchy Power issued tax-exempt revenue bonds, 2015 Series A (Green) in the amount of \$32,025 with interest rates ranging from 4.0% to 5.0% and 2015 Series B in the amount of \$7,530 with interest rates ranging from 3.0% to 4.0%. Proceeds from the bonds were used to finance reconstruction or replacement of existing facilities of the SFPUC's Hetch Hetchy project, to fund capitalized interest on the 2015 Series AB Bonds, to fund a debt service reserve account for the 2015 Series AB Bonds, and to pay costs of issuance of the 2015 Series AB bonds. The bonds were rated "A+" and "AA-" by S&P and Fitch, respectively. Final maturity for 2015 Series AB are November 1, 2045 and November 1, 2026, respectively. The true interest cost is 3.95%. As of June 30, 2020, the outstanding principal amount was \$37,360.

Significant events of default as specified in the Power Enterprise Indenture (applicable to Power Revenue Bonds) include 1. non-payment, 2. material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners (by aggregate amount of the bond obligations), declare the principal and the interest accrued thereon to be due and payable immediately. As of June 30, 2020, there were no such events described herein.

The future annual debt service relating to the 2015 Series AB Bonds outstanding as of June 30, 2020 are as follows:

Hetchy Power - Power Revenue Bonds 2015 Series A (Green)

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ —	1,593	1,593
2022	—	1,593	1,593
2023	—	1,593	1,593
2024	—	1,593	1,593
2025	—	1,593	1,593
2026-2030	4,050	7,612	11,662
2031-2035	6,535	6,208	12,743
2036-2040	8,340	4,358	12,698
2041-2045	10,640	1,997	12,637
2046	2,460	62	2,522
	<u>32,025</u>	<u>28,202</u>	<u>60,227</u>
Add: Unamortized bond premium	3,419		
Long-term portion as of June 30, 2020	\$ <u>35,444</u>		

Hetchy Power - Power Revenue Bonds 2015 Series B

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 785	189	974
2022	815	157	972
2023	850	124	974
2024	880	93	973
2025	910	62	972
2026-2027	1,095	28	1,123
	<u>5,335</u>	<u>653</u>	<u>5,988</u>
Less: Current portion	(785)		
Add: Unamortized bond premium	249		
Long-term portion as of June 30, 2020	\$ <u>4,799</u>		

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(8) Certificates of Participation Issued for the 525 Golden Gate Avenue Headquarters Building

Department-wide Business Type Activities

In October 2009, the City issued \$167,670 in certificates of participation to fund the headquarters building of the SFPUC at 525 Golden Gate Avenue. The 2009 Series C were issued for \$38,120 and 2009 Series D for \$129,550 as “Build America Bonds” (BABs) on a taxable basis under the 2009 American Recovery and Reinvestment Act. The 2009 Series C certificates carry interest rates ranging from 2.0% to 5.0% and mature on November 1, 2022. The 2009 Series D certificates carry interest rates ranging from 6.4% to 6.5% and mature on November 1, 2041. After adjusting for the federal interest subsidy, the true interest cost averages 3.4% and 4.3% for Series C and Series D, respectively.

Under the terms of a memorandum of understanding (MOU) between the City and the SFPUC dated October 1, 2009, the City conveyed the real property to the Trustee, the Bank of New York Mellon Trust Company, N.A., which was replaced by U.S. Bank in March 2014 under a property lease in exchange for the proceeds of the sale of the certificates. The Trustee has leased the property back to the City for the City’s use under a project lease. The City is obligated under the project lease to pay base rental payments and other payments to the Trustee each year during the 32-year term of the project lease. The Commission makes annual base rental payments to the City for the building equal to annual debt service on the certificates. It is anticipated these lease costs will be offset with reductions in costs associated with current office rental expense. There are no events of default stated in this memorandum of understanding.

Each of the three enterprises has an ownership interest in the building equal to their projected usage of space as follows: Water (73%), Wastewater (15%), and Hetchy Power (12%). Similarly, each enterprise is responsible for a portion of the annual base rental payment based on their ownership percentages less contributed equity. The percentage share of Base Rental Payments for the enterprises is as follows: Water (71.4%), Wastewater (18.9%), and Hetchy Power (9.7%).

Water Enterprise

The future annual debt services relating to the certificates of participation 2009 Series C and D outstanding as of June 30, 2020 are as follows:

<u>Certificates of Participation 2009 Series C (Tax-Exempt)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2021	\$ 2,824	375	3,199
2022	2,970	230	3,200
2023	3,124	78	3,202
	<u>8,918</u>	<u>683</u>	<u>9,601</u>
Less: Current portion	(2,824)		
Add: Unamortized bond premiums	<u>161</u>		
Long-term portion as of June 30, 2020	<u>\$ 6,255</u>		

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<u>Certificates of Participation 2009 Series D (Taxable BABs)</u>	<u>Principal</u>	<u>Interest before Federal interest subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2021	\$ —	5,968	(1,970)	3,998
2022	—	5,968	(1,970)	3,998
2023	—	5,968	(1,970)	3,998
2024	3,267	5,864	(1,935)	3,929
2025	3,402	5,652	(1,865)	3,787
2026-2030	19,285	24,753	(8,169)	16,584
2031-2035	23,737	17,863	(5,896)	11,967
2036-2040	29,271	9,297	(3,068)	6,229
2041-2042	13,537	887	(293)	594
Total		<u>82,220</u>	<u>(27,136)</u>	<u>55,084</u>
Long-term portion as of June 30, 2020	<u>\$ 92,499</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy on the 2009 Series D bonds is reduced by 5.7%, or a total reduction of \$1,640, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

Wastewater Enterprise

The future annual debt services relating to the certificates of participation 2009 Series C and D outstanding as of June 30, 2020 are as follows:

<u>Certificates of Participation 2009 Series C (Tax-Exempt)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2021	\$ 747	99	846
2022	785	61	846
2023	826	21	847
	<u>2,358</u>	<u>181</u>	<u>2,539</u>
Less: Current portion	(747)		
Add: Unamortized bond premiums	43		
Long-term portion as of June 30, 2020	<u>\$ 1,654</u>		

<u>Certificates of Participation 2009 Series D (Taxable BABs)</u>	<u>Principal</u>	<u>Interest before Federal interest subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2021	\$ —	1,578	(521)	1,057
2022	—	1,578	(521)	1,057
2023	—	1,578	(521)	1,057
2024	864	1,551	(512)	1,039
2025	900	1,494	(493)	1,001
2026-2030	5,099	6,545	(2,160)	4,385
2031-2035	6,276	4,723	(1,559)	3,164
2036-2040	7,740	2,458	(811)	1,647
2041-2042	3,579	235	(78)	157
Total		<u>21,740</u>	<u>(7,176)</u>	<u>14,564</u>
Long-term portion as of June 30, 2020	<u>\$ 24,458</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy on the 2009 Series D bonds is reduced by 5.7%, or a total reduction of \$434, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

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Hetchy Power

The future annual debt services relating to the certificates of participation 2009 Series C and D outstanding as of June 30, 2020 are as follows:

<u>Certificates of Participation 2009 Series C (Tax-Exempt)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2021	\$ 384	51	435
2022	405	31	436
2023	425	10	435
	<u>1,214</u>	<u>92</u>	<u>1,306</u>
Less: Current portion	(384)		
Add: Unamortized bond premium	21		
Long-term portion as of June 30, 2020	<u>\$ 851</u>		

<u>Certificates of Participation 2009 Series D (Taxable BABs)</u>	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2021	\$ —	812	(268)	544
2022	—	812	(268)	544
2023	—	812	(268)	544
2024	445	798	(263)	535
2025	463	769	(254)	515
2026-2030	2,625	3,370	(1,112)	2,258
2031-2035	3,232	2,432	(803)	1,629
2036-2040	3,985	1,266	(418)	848
2041-2042	1,843	122	(40)	82
Total	<u>12,593</u>	<u>11,193</u>	<u>(3,694)</u>	<u>7,499</u>
Long-term portion as of June 30, 2020	<u>\$ 12,593</u>			

* The SFPUC received IRS notice dated August 27, 2020 that the federal interest subsidy on the 2009 Series D bonds is reduced by 5.7%, or a total reduction of \$223, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same.

(9) Revenue Pledge

Department-wide Business Type Activities

Department-wide revenue pledge for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Bonds issued with revenue pledge	\$ 6,317,406	6,478,856
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	164,484	89,456
Principal and interest remaining due at the end of the year	10,112,715	10,544,715
Principal and interest paid during the year	336,750	326,769
Net revenues for the year ended June 30	540,551	501,782
Funds available for debt service	1,044,243	857,640

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Water Revenue Pledge

The Water Enterprise has pledged future revenues to repay various revenue bonds and State Revolving Fund loans. Proceeds from the revenue bonds and State Revolving Fund loans provided financing for various capital construction projects, and to refund previously issued bonds. The bonds and State Revolving Fund loans are payable solely from revenues of the Water Enterprise through the fiscal year ending 2051.

The original amount of revenue bonds and State Revolving Fund loans issued, total principal and interest remaining, principal and interest paid during fiscal years 2020 and 2019, applicable net revenues and funds available for debt service are as follows:

	<u>2020</u>	<u>2019</u>
Bonds issued with revenue pledge	\$ 4,585,440	4,746,890
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	73,271	—
Principal and interest remaining due at the end of the year	7,388,886	7,727,793
Principal and interest paid during the year	269,210	261,638
Net revenues for the year ended June 30	339,947	311,619
Funds available for debt service	581,878	532,981

Wastewater Revenue Pledge

The Wastewater Enterprise has pledged future revenues to repay various revenue bonds and State Revolving Fund loans. Proceeds from the revenue bonds and State Revolving Fund loans provided financing for various capital construction projects, and to refund previously issued bonds. The bonds and State Revolving Fund loans payable through fiscal years 2049 and 2050, respectively and are solely from revenues of the Wastewater Enterprise.

The original amount of revenue bonds and State Revolving Fund loans issued, total principal and interest remaining, principal and interest paid during fiscal years 2020 and 2019, applicable net revenues, and funds available for debt service are as follows:

	<u>2020</u>	<u>2019</u>
Bonds issued with revenue pledge	\$ 1,667,095	1,667,095
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	91,213	89,456
Principal and interest remaining due at the end of the year	2,647,000	2,735,352
Principal and interest paid during the year	62,797	60,347
Net revenues for the year ended June 30	166,082	150,365
Funds available for debt service	381,804	253,646

Hetchy Power Revenue Pledge

Hetchy Power has pledged future power revenues to repay the 2008 CREBs, the 2011 QECBs, the 2012 NCREBs, and the 2015 NCREBs. Additionally, Hetchy Power has pledged future power revenues for 2015 Series AB power revenue bonds. Proceeds from the bonds provided financing for various capital construction and facility energy efficiency projects. The Series 2015 AB power revenue bonds are payable through fiscal year 2046 and are solely payable from net revenues of Hetchy Power on a senior lien basis to the 2008 CREBs, the 2011 QECBs, the 2012 NCREBs, and the 2015 NCREBs.

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The original amount of bonds issued, total principal and interest remaining, principal and interest paid during fiscal years 2020 and 2019, applicable net revenues, and funds available for debt service are as follows:

Hetchy Power	2020	2019
Bonds issued with revenue pledge	\$ 64,871	64,871
Principal and interest remaining due at the end of the year	76,829	81,570
Principal and interest paid during the year*	4,743	4,784
Net revenues for the year ended June 30	34,522	39,798
Funds available for debt service	80,561	71,013

* Per Indenture, debt service for coverage is calculated using the amount of principal and interest paid during the year for the 2015 series AB power revenue bonds, which has a senior lien on power enterprise revenues; principal and interest paid during the year for the 2015 Series AB power revenue bonds was \$2,568.

(10) Water Wholesale Balancing Account

Water Supply Agreement

From 1984-2009, the Water Enterprise provided water service pursuant to the terms of the 1984 Water Settlement Agreement and Master Water Sales Contract, which established the basis for water rates to be charged to those customers (Wholesale Customers). The Master Water Sales Contract expired on June 30, 2009. The Commission and the Wholesale Customers approved a Water Supply Agreement (WSA) effective July 1, 2009 (the contract was restated and amended by the SFPUC on December 11, 2018). The WSA has a 25-year term from July 1, 2009 with two options for five-year extensions. The existing 184 million gallons per day (mgd) Supply Assurance continues under the WSA and no increase in the Supply Assurance will be considered before December 31, 2028. During the period from 2009 to 2028, the WSA limits the quantity of water delivered to Retail Customers and Wholesale Customers from the watersheds to 265 mgd. Under the WSA, annual operating expenses, including debt service on bonds sold to finance regional system improvements and regional capital projects funded from revenues, will be allocated between Retail Customers and Wholesale Customers on the basis of proportionate annual water use. The original WSA stated the Wholesale Customers' share of net book value of existing regional assets as of June 30, 2009 would be recovered on level annual payment over the 25-year term of the WSA at an interest rate of 5.13%. The 25-year term repayment obligation was settled in February 2013. The Wholesale Customers made an early repayment to the Water Enterprise of the outstanding balance of \$356,139 as discussed further in the "BAWSCA Early Repayment" Section 5.03 of the WSA. The WSA continues much of the rate setting, accounting, and dispute resolution provisions contained in the expired contract, and has emergency and drought-pricing adjustment provisions.

Pursuant to the terms of the WSA, the Water Enterprise is required to establish water rates applicable to the Wholesale Customers annually. The wholesale water rates are based on an estimate of the level of revenues necessary to recoup the cost of distributing water to the Wholesale Customers in accordance with the methodology outlined in Article V of the WSA (the Wholesale Revenue Requirement (WRR), previously known as the Suburban Revenue Requirement. During fiscal years ending in 2020 and 2019, the WRR, net of adjustments, charged to such wholesale customers was \$256,280 and \$253,235, respectively. Such amounts are subject to final review by the Wholesale Customers, along with a trailing wholesale balancing account compliance audit of the WRR calculation.

Pursuant to Article VII, Section 7.02 of the WSA, the Water Enterprise is required to re-compute the WRR after the close of each fiscal year based on the actual costs incurred in the delivery of water to the Wholesale Customers. The difference between the wholesale revenues earned

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during the year and the “actual” WRR is recorded in a separate account (the Balancing Account) and represents the cumulative amount that is either owed to the Wholesale Customers (if the wholesale revenues exceed the WRR) or owed to the City (if the WRR exceeds the wholesale revenues paid). In accordance with Article VI of the WSA, the amount recorded in the Balancing Account shall earn interest at a rate equal to the average rate received by the City during the year on the invested pooled funds of the City Treasury, and shall be taken into consideration in the determination of subsequent wholesale water rates. The Water Enterprise owed the Wholesale Customers \$64,857 and \$64,829 for the years ended June 30, 2020 and 2019, respectively, an increase of \$28. Refer to the compliance audit report for the final balancing account available at <https://sfwater.org/index.aspx?page=344>.

In addition to advancing funds to acquire the pre-2009 assets as discussed previously, the Water Enterprise has also previously appropriated funds, advanced through rates charged to Retail Customers, for construction of capital projects that were not yet placed into service as of June 30, 2009. Wholesale Customers’ share of these construction work in progress costs is calculated in accordance with the provisions in the WSA, including a 10-year repayment term and payment of annual principal and interest rate calculated at 4.0% annually. The total obligation of the Wholesale Customers to the Water Enterprise is estimated at \$9,542, and the level annual payment including principal and interest is approximately \$1,159. The Wholesale Customers made the first annual payment as of June 30, 2015 and will end on June 30, 2024.

(11) Other Non-Operating Revenues - Hetchy Power Trans Bay Cable Construction and Licensing Fees

In 2007, the Board of Supervisors adopted the resolution to enter into two non-exclusive licenses with the Trans Bay Cable LLC (the Licensee) for the Trans Bay Cable Project. The Licensee proposed to install, operate, and maintain approximately 53 miles of high-voltage direct current transmission cable running from the City of Pittsburg to the City. The first license is a Construction License to install a 400 MW high-voltage transmission line, with a four-year term. The Licensee has paid Hetchy Power \$3,500 in Renewable Energy, Transmission and Grid Reliability to use the payments for study and development of two City-owned transmission projects, a Newark-San Francisco project, and a Potrero-Embarcadero project. Of the \$3,500, only \$1,905 has been spent to date. In 2020, the Board of Supervisors adopted an ordinance to use \$1,593 of the funds from this license to analyze the proposed purchase of power assets from Pacific Gas & Electric.

The second license is an operational license for operation of the transmission line with 25-year term and an option to renew for 10 years. The Licensee agrees to pay Hetchy Power in excess of \$20,000 in 10 separate installments of \$2,000 annually with adjustments for inflation, as the “San Francisco Electric Reliability Payment” to implement, advance, promote, or enhance policies and projects consistent with City Energy Policies. The project came on line November 29, 2010, and Hetchy Power received the first installment of \$2,000. As of June 30, 2020, cumulative revenues to date of \$22,708 were recorded, with final payment of \$2,574 received in fiscal year 2020 and \$2,522 received in fiscal year 2019, respectively. Per agreement, the SFPUC shall consult with Departments of Environment and Public Health, as well as community members, including the Power Plant Task Force, in developing its proposals to the Board of Supervisors on how to spend the San Francisco Electricity Reliability Payment, and shall consider specifically renewable energy, conservation, and environmental health programs, which benefit low-income, at-risk, and environmentally disadvantaged communities. The San Francisco Electricity Reliability Payment shall also be partly used for green jobs training and placement programs, which benefit low-income, at-risk, and environmentally disadvantaged communities. As of June 30, 2020, cumulative expenses of \$8,323 have been incurred, with \$843 and \$1,702 in fiscal years 2020 and 2019, respectively.

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(12) Employee Benefits

a) Pension Plan

The SFPUC participates in a cost-sharing multiple-employer defined benefit pension Plan (the Plan). The Plan is administered by the San Francisco City and County Employees' Retirement System (SFERS). For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position of the SFERS Plans, and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plan. Contributions are recognized in the period in which they are due pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

San Francisco Employees' Retirement System (SFERS) – Cost Sharing		
	Fiscal Year 2020	Fiscal Year 2019
Valuation Date (VD)	June 30, 2018 updated to June 30, 2019	June 30, 2017 updated to June 30, 2018
Measurement Date (MD)	June 30, 2019	June 30, 2018
Measurement Period (MP)	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018

The City is an employer of the plan with a proportionate share of 94.13% as of June 30, 2019 (measurement date), and 94.10% as of June 30, 2018 (measurement date). SFPUC's allocation percentage was determined based on its employer contributions divided by the City's total employer contributions for fiscal years 2019 and 2018. The net pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/inflows, and pension expense are based on each department's allocated percentage. SFPUC's allocation of the City's proportionate share was 7.45%: 4.23% for Water, 2.05% for Wastewater, 0.51% for Hetchy Water, 0.62% for Hetchy Power and 0.04% for CleanPowerSF as of June 30, 2019 (measurement date). SFPUC's allocation of the City's proportionate share was 7.61%: 4.35% for Water, 2.11% for Wastewater, 0.50% for Hetchy Water, 0.62% for Hetchy Power and 0.03% for CleanPowerSF as of June 30, 2018 (measurement date).

Plan Description – The Plan provides basic service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost of living adjustments (COLA) after retirement. The Plan also provides pension continuation benefits to qualified survivors. The San Francisco City and County Charter and the Administrative Code are the authorities which establish and amend the benefit provisions and employer obligations of the Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained on the Retirement System's website <http://mysfers.org> or by writing to the San Francisco City and County Employees' Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

Benefits – The Retirement System provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and annual COLA after retirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City and County.

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The four main categories of Plan members are:

- a. Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- b. Sheriff’s Department and Miscellaneous Safety members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff’s department, and miscellaneous safety employees hired on and after January 7, 2012.
- c. Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- d. Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are included in the Notes to the Basic Financial Statements of San Francisco Employees’ Retirement System.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have 10 or more years of credited service and they sustain an injury or illness that prevents them from performing their duties. Safety members are eligible to apply for an industrial disability retirement benefit from their first day on the job if their disability is caused by an illness or injury that they receive while performing their duties.

All retired members receive a benefit adjustment each July 1, which is the Basic COLA. The majority of adjustments are determined by changes in Consumer Price Index with increases capped at 2%. The Plan provides for a Supplemental COLA in years when there are sufficient “excess” investment earnings in the Plan. The maximum benefit adjustment each July 1 is 3.5% including the Basic COLA. Effective July 1, 2012, voters approved changes in the criteria for payment of the Supplemental COLA benefit, so that Supplemental COLAs would only be paid when the Plan is also fully funded on a market value of assets basis. Certain provision of this voter-approved proposition were challenged in the Courts. A decision by the California Courts modified the interpretation of the proposition. Effective July 1, 2012, members who retired before November 6, 1996 will receive a Supplemental COLA only when the Plan is also fully funded on a market value of assets basis. However, the “full funding” requirement does not apply to members who retired on or after November 6, 1996 and were hired before January 7, 2012. For all members hired before January 7, 2012, all Supplemental COLAs paid to them in retirement benefits will continue into the future even where an additional Supplemental COLA is not payable in any given year. For members hired on and after January 7, 2012, a Supplemental COLA will only be paid to retirees when the Plan is fully funded on a market value of asset basis and in addition for these members, Supplemental COLAs will not be permanent adjustments to retirement benefits. That is, in years when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

Funding and Contribution Policy – Contributions are made to the basic plan by both the City and the participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates varied from 7.5% to 13.0% as a percentage of gross covered salary in fiscal years 2020 and 2019. Most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pretax basis. The SFPUC is required to contribute at an actuarially determined rate. Based on the July 1, 2018 actuarial report, the required employer contribution rate for fiscal year 2020 was 20.69% to 25.19%. Based on the July 1, 2017 actuarial report, the required employer contribution rate for fiscal year 2019 was 18.81% to 23.31%.

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Employer contributions and employee contributions made by the employer to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. The City's proportionate share of employer contributions recognized by the Retirement System in fiscal years ended June 30, 2019 and 2018 (measurement years) were \$607,408 and \$582,568, respectively. The SFPUC's allocation of employer contributions for fiscal years 2019 and 2018 (measurement periods) were \$46,246 and \$45,530, respectively. The Water Enterprise's allocation of employer contributions for fiscal years 2019 and 2018 (measurement periods) were \$26,440 and \$25,922, respectively. The Wastewater Enterprise's allocation of employer contributions for fiscal years 2019 and 2018 (measurement periods) were \$12,816 and \$12,523, respectively. Hetchy Water's allocation of employer contributions for fiscal years 2019 and 2018 (measurement periods) were \$3,073 and \$3,128, respectively. Hetchy Power's allocation of employer contributions for fiscal years 2019 and 2018 (measurement periods) were \$3,756 and \$3,822, respectively. CleanPowerSF's allocation of employer contributions for fiscal years 2019 and 2018 (measurement periods) were \$161 and \$135, respectively.

Pension Liabilities, Pension Expenses, and Deferred Outflows and Inflows of Resources Related to Pensions

Fiscal Year 2020

The City reported net pension liabilities for its proportionate share of the pension liability of the Plan of \$4,213,808 as of June 30, 2020. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The SFPUC's allocation of the City's proportionate share of the net pension liability for the plan as of June 30 2020 was \$313,899, of which \$178,133 for Water Enterprise, \$86,235 for Wastewater Enterprise, \$21,477 for Hetchy Water, \$26,249 for Hetchy Power and \$1,805 for CleanPowerSF.

For the year ended June 30, 2020, the City's recognized pension expense was \$883,395 including amortization of deferred outflow/inflow related pension items. SFPUC's allocation of pension expense including amortization of deferred outflow/inflow related pension items were \$44,896 of which \$22,296 for the Water Enterprise, \$12,748 for the Wastewater Enterprise, \$3,619 for Hetchy Water, \$4,424 for Hetchy Power, and \$1,809 for CleanPowerSF. Pension expense increased from the prior year, largely due to the amortization of deferrals.

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(Dollars in thousands, unless otherwise stated)

At June 30, 2020, SFPUC's reported deferred outflows of resources and deferred inflows of resources related to pensions were the following:

Schedule of Deferred Outflows of Resources						
<u>Fiscal Year 2020</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
Pension contribution subsequent to the measurement date	\$ 29,647	14,352	3,574	4,369	300	52,242
Differences between expected and actual experience	1,319	639	159	194	13	2,324
Changes in assumptions	25,333	12,264	3,055	3,733	257	44,642
Change in employer's proportion	10,785	3,167	1,162	1,420	2	16,536
Total \$	67,084	30,422	7,950	9,716	572	115,744

Schedule of Deferred Inflows of Resources						
<u>Fiscal Year 2020</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
Differences between expected and actual experience	\$ 1,961	949	236	289	20	3,455
Net difference between projected and actual earnings on pension plan investments	32,824	15,891	3,958	4,837	333	57,843
Change in employer's proportion	109	52	141	172	857	1,331
Total \$	34,894	16,892	4,335	5,298	1,210	62,629

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in pension expense as follows:

Deferred Outflows/(Inflows) of Resources						
<u>Fiscal years</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
2021 \$	11,020	4,181	1,197	1,464	(235)	17,627
2022	(8,610)	(5,055)	(1,047)	(1,280)	(425)	(16,417)
2023	(2,494)	(1,240)	(293)	(359)	(181)	(4,567)
2024	2,627	1,292	184	224	(97)	4,230
Total \$	2,543	(822)	41	49	(938)	873

Fiscal Year 2019

The City reported net pension liabilities for its proportionate share of the pension liability of the Plan of \$4,030,207. The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2018 (measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The SFPUC's allocation of the City's proportionate share of the net pension liability for the plan as of June 30 2019 was \$306,846, of which \$175,429 for Water Enterprise, \$85,037 for Wastewater Enterprise, \$20,390 for Hetchy Water, \$24,920 for Hetchy Power and \$1,070 for CleanPowerSF.

For the years ended June 30, 2019, the City's recognized pension expense was \$488,255 including amortization of deferred outflow/inflow related pension items. SFPUC's allocation of pension expense including amortization of deferred outflow/inflow related pension items were

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\$29,827 of which \$17,730 for the Water Enterprise, \$8,858 for the Wastewater Enterprise, \$1,344 for Hetchy Water, \$1,643 for Hetchy Power, and \$252 for CleanPowerSF. Pension expense decreased from the prior year, largely due to the impact of actual investment earnings.

At June 30, 2019, the SFPUC's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Schedule of Deferred Outflows of Resources						
Fiscal Year 2019			Hetchy	Hetchy	CleanPowerSF	SFPUC
	Water	Wastewater	Water	Power		Total
Pension contribution subsequent to the measurement date	\$ 26,440	12,816	3,073	3,756	161	46,246
Differences between expected and actual experience	1,423	690	166	202	9	2,490
Changes in assumptions	27,353	13,259	3,179	3,886	167	47,844
Change in employer's proportion	249	121	29	35	2	436
Total \$	55,465	26,886	6,447	7,879	339	97,016

Schedule of Deferred Inflows of Resources						
Fiscal Year 2019			Hetchy	Hetchy	CleanPowerSF	SFPUC
	Water	Wastewater	Water	Power		Total
Differences between expected and actual experience	\$ 4,965	2,407	577	705	30	8,684
Net difference between projected and actual earnings on pension plan investments	28,198	13,669	3,278	4,005	172	49,322
Change in employer's proportion	167	81	19	24	1	292
Total \$	33,330	16,157	3,874	4,734	203	58,298

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in pension expense as follows:

Fiscal years	Deferred Outflows/(Inflows) of Resources					SFPUC
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	Total
2020 \$	11,196	5,427	1,301	1,591	68	19,583
2021	4,923	2,387	572	700	30	8,612
2022	(14,428)	(6,994)	(1,677)	(2,049)	(88)	(25,236)
2023	(5,996)	(2,907)	(696)	(853)	(35)	(10,487)
Total \$	(4,305)	(2,087)	(500)	(611)	(25)	(7,528)

Actuarial Assumptions

Fiscal Year 2020

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2019 (measurement period) is provided below, including any assumptions that differ from those used in the July 1, 2018 actuarial valuation. Refer to the July 1, 2018 actuarial valuation report for a complete description of all other assumptions, which can be found on the Retirement System's website <http://mysfers.org>.

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Key Actuarial Assumptions

Valuation Date	June 30, 2018 updated to June 30, 2019				
Measurement Date	June 30, 2019				
Actuarial Cost Method	Entry-Age Normal Cost Method				
Expected Rate of Return	7.40% net of pension plan investment, including inflation				
Municipal Bond Yield	3.87% as of June 30, 2018 3.50% as of June 30, 2019				
	Bond Buyer 20-Bond GO Index, June 28, 2018 and June 27, 2019				
Inflation	2.75%				
Salary Increases	3.50% plus merit component based on employee classification and years of service				
Discount Rate	7.50% as of June 30, 2018 7.40% as of June 30, 2019				
Administrative Expenses	0.60% of payroll as of June 30, 2018 0.60% of payroll as of June 30, 2019				
		Old Miscellaneous and all New Plans	Old Police & Fire, pre 7/1/75	Old Police & Fire, Charters A8.595 and A8.596	Old Police & Fire, Charters A8.559 and A8.585
Basic COLA	June 30, 2018	2.00%	2.50%	3.10%	4.20%
Basic COLA	June 30, 2019	2.00%	2.50%	3.10%	4.20%

Mortality rates for active members and healthy annuitants were based upon the adjusted Employee and Healthy Annuitant CalPERS mortality tables projected generationally from the 2009 base year using a modified version of the MP-2015 projection scale.

Fiscal Year 2019

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2018 (measurement period) is provided below, including any assumptions that differ from those used in the July 1, 2017 actuarial valuation. Refer to the July 1, 2017 actuarial valuation report for a complete description of all other assumptions, which can be found on the Retirement System's website <http://mysfers.org>.

Key Actuarial Assumptions

Valuation Date	June 30, 2017 updated to June 30, 2018				
Measurement Date	June 30, 2018				
Actuarial Cost Method	Entry-Age Normal Cost Method				
Expected Rate of Return	7.50%				
Municipal Bond Yield	3.58% as of June 30, 2017 3.87% as of June 30, 2018				
	Bond Buyer 20-Bond GO Index, June 29, 2017 and June 28, 2018				
Inflation	3.00%				
Salary Increases	3.50% plus merit component based on employee classification and years of service				
Discount Rate	7.50% as of June 30, 2017 7.50% as of June 30, 2018				
Administrative Expenses	0.60% of payroll as of June 30, 2017 0.60% of payroll as of June 30, 2018				
		Old Miscellaneous and all New Plans	Old Police & Fire, pre 7/1/75	Old Police & Fire, Charters A8.595 and A8.596	Old Police & Fire, Charters A8.559 and A8.585
Basic COLA	June 30, 2017	2.00%	2.70%	3.30%	4.40%
Basic COLA	June 30, 2018	2.00%	2.50%	3.10%	4.20%

Mortality rates for active members and healthy annuitants were based upon adjusted Employee and Healthy Annuitant CalPERS mortality tables projected generationally from the 2009 base year using a modified version of the MP-2015 projection scale.

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Discount Rate

Fiscal Year 2020

The beginning and end of year measurements are based on different assumptions and contribution methods that may result in different discount rates. The discount rate was 7.40% as of June 30, 2019 (measurement date) and 7.50% as of June 30, 2018 (measurement date).

The discount rate used to measure the Total Pension Liability as of June 30, 2019 was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2018 actuarial valuation. That policy includes contributions equal to the employer portion of the entry age normal costs for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the unfunded actuarial liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. The remaining unfunded actuarial liability not attributable to Charter amendments as of July 1, 2013 is amortized over a 19-year period commencing July 1, 2014. Experience gains and losses and assumption or method changes on or after July 1, 2014 are amortized over 20 years. The full amortization payment for the 2015 assumption changes is phased in over a period of 5 years. For the July 1, 2016 valuation, the increase in the unfunded actuarial liability attributable to the Supplemental COLAs granted on July 1, 2013 and July 1, 2014 are amortized over 17-years and 5-years respectively. All amortization schedules are established as a level percentage of payroll so payments increase 3.50% each year. The unfunded actuarial liability is based on an actuarial value of assets that smooths investment gains and losses over five years and a measurement of the actuarial liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of actuarial liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who worked after November 6, 1996 and before Proposition C passed (Post 97 Retirees), a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the actuarial value of assets. For members who did not work after November 6, 1996 and before Proposition C passed, the market value of assets must also exceed the actuarial liability at the beginning of the year for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. The large majority of members receive a 1.50% Supplemental COLA when granted.

Because the probability of a Supplemental COLA depends on the current funded level of the Retirement System for certain members, the following assumptions were developed for the probability and amount of Supplemental COLA for each future year. The City has assumed that a full Supplemental COLA will be paid to all Post 97 Retirees effective July 1, 2019. The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA for sample years.

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Assumed Supplemental COLA for Members with a 2.00% Basic COLA

<u>Fiscal years</u>	<u>96 - Prop C</u>	<u>Before 11/6/96 or After Prop C</u>
2021	0.75 %	0.27 %
2023	0.75	0.34
2025	0.75	0.36
2027	0.75	0.37
2030+	0.75	0.38

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

Based on these assumptions, the Retirement System’s fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Projected benefit payments are discounted at the long-term expected return on assets of 7.40% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.50% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2019 is 7.40%.

The long-term expected rate of return on pension plan investments was 7.40%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Target allocation and best estimates of geometric long-term expected real rates of return (net of pension plan investment expense and inflation) for each major asset class are summarized in the following table:

Long-Term Expected Real Rates of Return

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	31.0 %	5.3 %
Private Equity	18.0	8.3
Real Assets	17.0	5.4
Hedge Funds/Absolute Returns	15.0	3.9
Private Credit	10.0	5.2
Treasuries	6.0	0.9
Liquid Credit	3.0	3.6
Total	<u>100.0</u>	

Fiscal Year 2019

The beginning and end of year measurements are based on different assumptions and contribution methods that may result in different discount rates. The discount rate was 7.50% as of June 30, 2018 (measurement date) and June 30, 2017 (measurement date), respectively.

The discount rate used to measure the Total Pension Liability as of the June 30, 2018 was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2017 actuarial valuation. That policy includes contributions equal to the employer portion of the Entry Age normal costs for members as of the valuation date, a payment for the

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expected administrative expenses, and an amortization payment on the unfunded actuarial liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. The remaining Unfunded Actuarial Liability not attributable to Charter amendments as of July 1, 2013 is amortized over a 19-year period commencing July 1, 2014. Experience gains and losses and assumption or method changes on or after July 1, 2014 are amortized over 20 years. For the July 1, 2016 valuation, the increase in the Unfunded Actuarial Liability attributable to the Supplemental COLAs granted on July 1, 2013 and July 1, 2014 are amortized over 17-years and 5-years respectively. All amortization schedules are established as a level percentage of payroll, so payments increase 3.50% each year. The Unfunded Actuarial Liability is based on an Actuarial Value of Assets that smooths investment gains and losses over five years and a measurement of the Actuarial Liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of Actuarial Liability in the valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who worked after November 6, 1996 and before Proposition C passed, a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the Actuarial Value of Assets. For members who did not work after November 6, 1996 and before Proposition C passed, the Market Value of Assets must also exceed the actuarial liability at the beginning of the year for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. The large majority of members receive a 1.50% Supplemental COLA when granted.

Because the probability of a Supplemental COLA depends on the current funded level of the System for certain members, Cheiron developed an assumption as of the June 30, 2018 for the probability and amount of Supplemental COLA for each future year. We have assumed that a full Supplemental COLA will be paid to all Post 97 Retirees effective July 1, 2018. The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA for sample years.

Assumed Supplemental COLA for Members with a 2.00% Basic COLA

<u>Fiscal years</u>	<u>96 - Prop C</u>	<u>Before 11/6/96 or After Prop C</u>
2019	0.75 %	0.00 %
2022	0.75	0.29
2025	0.75	0.35
2028	0.75	0.36
2031+	0.75	0.38

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

Based on these assumptions, the System’s fiduciary net position was projected to be available to make projected future benefit payments for current members until fiscal year end 2097 when only a portion of the projected benefit payments can be made from the projected fiduciary net position. Projected benefit payments are discounted at the long-term expected return on

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assets of 7.50% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.87% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2018 is 7.50%.

The long-term expected rate of return on pension plan investments was 7.50%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Target allocation and best estimates of geometric long-term expected real rates of return (net of pension plan investment expense and inflation) for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	31.0 %	5.4 %
Private Equity	18.0	6.6
Real Assets	17.0	4.5
Hedge Funds/Absolute Returns	15.0	3.7
Private Credit	10.0	4.6
Treasuries	6.0	0.5
Liquid Credit	3.0	3.3
Total	100.0	

Sensitivity of Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the SFPUC’s allocation of the employer’s proportionate share of the net pension liability for the Plan, calculated using the discount rate, as well as what the SFPUC’s allocation of the employer’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

<u>Fiscal Year 2020</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
1% Decrease Share of NPL @ 6.40%	\$ 336,241	162,775	40,539	49,547	3,407	592,509
Share of NPL @ 7.40%	178,133	86,235	21,477	26,249	1,805	313,899
1% Increase Share of NPL @ 8.40%	47,500	22,995	5,727	6,999	481	83,702

<u>Fiscal Year 2019</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
1% Decrease Share of NPL @ 6.50%	\$ 328,561	159,265	38,187	46,673	2,004	574,690
Share of NPL @ 7.50%	175,429	85,037	20,390	24,920	1,070	306,846
1% Increase Share of NPL @ 8.50%	48,802	23,656	5,672	6,933	298	85,361

b) Other Post-Employment Benefits

The SFPUC participates in the City’s single employer defined benefit plan (the Plan). The Plan is maintained by the City and is administered through the City’s Health Service System. It provides postemployment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units. The City does not issue a separate report on its other postemployment benefit plan.

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GASB Statement No. 75 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

San Francisco Health Service System Retiree Plan		
	Fiscal Year 2020	Fiscal Year 2019
Valuation Date (VD)	June 30, 2018 updated to June 30, 2019	June 30, 2018
Measurement Date (MD)	June 30, 2019	June 30, 2018
Measurement Period (MP)	July 1, 2018 to June 30, 2019	July 1, 2017 to June 30, 2018

The SFPUC’s allocation percentage of the Plan was determined based on its percentage of citywide “pay-as-you-go” contributions for the year ended June 30, 2019 and June 30, 2018. The SFPUC’s net OPEB liability, deferred outflows/inflows of resources related to OPEB, amortization of deferred outflows/inflows and OPEB expense to each department is based on SFPUC’s allocated percentage. The SFPUC’s proportionate share of the City’s OPEB elements as of June 30, 2019 (measurement date) was 6.66%: 4.18% for the Water Enterprise, 1.49% for the Wastewater Enterprise, 0.42% for Hetchy Water, 0.51% for Hetchy Power, and 0.06% for CleanPowerSF. The SFPUC’s proportionate share of the City’s OPEB elements as of June 30, 2018 (measurement date) was 6.66%: 4.19% for the Water Enterprise, 1.49% for the Wastewater Enterprise, 0.43% for Hetchy Water, 0.52% for Hetchy Power, and 0.03% for CleanPowerSF.

Benefits

Permanent full-time and elected employees are eligible to retire and receive postretirement health insurance benefits when they are eligible for retirement benefits from the City and County of San Francisco’s Retirement System. The eligibility requirements are as follows:

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service ¹ Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
	Disabled Retirement ²	Any age with 10 years of credited service
Terminated Vested ³		5 years of credited service at separation

¹ Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012.

² No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses/domestic partners of those killed in the line of duty.

³ Effective with Proposition B passed June 3, 2008, participants hired on or after January 10, 2009 must retire within 180 days of separation in order to be eligible for retiree healthcare benefits.

Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

- Medical: PPO – City Health Plan (self-insured) and UHC Medicare Advantage (fully-insured)
HMO – Kaiser (fully-insured) and Blue Shield (flex-funded)
- Dental: Delta Dental, DeltaCare USA and United Healthcare Dental
- Vision: Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

Projections of the sharing of benefit related costs are based on an established pattern of practice.

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Contributions

Benefits provided under the Plan are currently paid through “pay as you go” funding. Additionally, under the City Charter, active officers and employees of the City who commenced employment on or after January 10, 2009, shall contribute to the Retiree Health Care Trust Fund (Trust Fund) a percentage of compensation not to exceed 2% of pre-tax compensation. The City shall contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009 until the City’s GASB Actuary has determined that the City’s portion of the Trust Fund is fully funded. At that time, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 2% of pre-tax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the Trust Fund. Beginning on July 1st of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Starting July 1, 2016, the City shall contribute 0.25% of compensation into the Trust Fund for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1st of each subsequent year, the City shall contribute an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City’s GASB Actuary has determined that the City’s portion of the Trust Fund is fully funded, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 1% of pre-tax compensation.

Additional or existing contribution requirements may be established or modified by amendment to the City’s Charter.

Fiscal Year 2020

For the fiscal year ended June 30, 2020, the City’s funding was based on “pay-as-you-go” plus a contribution of \$39,518 to the Retiree Healthcare Trust Fund. The “pay-as-you-go” portion paid by the City was \$196,445 for a total contribution of \$235,963 for the fiscal year ended June 30, 2020. The SFPUC’s proportionate share of contributions for fiscal year 2020 was \$15,690: \$9,863 for Water Enterprise, \$3,506 for the Wastewater Enterprise, \$985 for Hetchy Water, \$1,204 for Hetchy Power, and \$132 for CleanPowerSF.

Fiscal Year 2019

For the fiscal year ending June 30, 2019, the City’s funding was based on “pay-as-you-go” plus a contribution of \$32,786 to the Retiree Healthcare Trust Fund. The “pay-as-you-go” portion paid by the City was \$185,839 for a total contribution of \$218,625 for the fiscal year ended June 30, 2019. The SFPUC’s proportionate share of contributions for fiscal year 2019 was \$14,559: \$9,154 for Water Enterprise, \$3,252 for the Wastewater Enterprise, \$935 for Hetchy Water, \$1,143 for Hetchy Power, and \$75 for CleanPowerSF.

OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

Fiscal Year 2020

As of June 30, 2020, the City reported net OPEB liabilities related to the Plan of \$3,915,814. The SFPUC’s proportionate share of the City’s net OPEB liability as of June 30, 2020 was

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\$260,397: \$163,684 for Water Enterprise, \$58,183 for the Wastewater Enterprise, \$16,350 for Hetchy Water, \$19,983 for Hetchy Power, and \$2,197 for CleanPowerSF.

For the year ended June 30, 2020, the City's recognized OPEB expense was \$330,673. Amortization of the City's deferred outflows and inflows is included as a component of OPEB expense. The SFPUC's proportionate share of the City's OPEB expense was \$11,663: \$6,125 for Water Enterprise, \$1,943 for the Wastewater Enterprise, \$708 for Hetchy Water, \$866 for Hetchy Power, and \$2,021 for CleanPowerSF.

As of June 30, 2020, the SFPUC's reported its proportionate share of the City's deferred outflows and inflows of resources related to OPEB from the following sources:

Schedule of Deferred Outflows of Resources						
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Fiscal Year 2020						
Contribution subsequent to the measurement date	\$ 9,863	3,506	985	1,204	132	15,690
Differences between expected and actual experience	6,953	2,472	694	849	93	11,061
Changes in assumptions	3,318	1,179	331	405	45	5,278
Change in employer's proportion	7,449	2,908	322	392	—	11,071
Total \$	27,583	10,065	2,332	2,850	270	43,100

Schedule of Deferred Inflows of Resources						
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Fiscal Year 2020						
Differences between expected and actual experience	\$ 11,517	4,094	1,150	1,406	155	18,322
Net difference between projected and actual earnings on plan investments	255	91	26	31	3	406
Change in employer's proportion	—	—	19	24	1,053	1,096
Total \$	11,772	4,185	1,195	1,461	1,211	19,824

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in OPEB expense as follows:

Fiscal years	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
2021	\$ 909	376	(8)	(9)	(195)	1,073
2022	909	376	(8)	(9)	(195)	1,073
2023	972	399	(1)	(2)	(195)	1,173
2024	960	394	(3)	(3)	(195)	1,153
2025	1,002	409	2	2	(195)	1,220
Thereafter	1,196	420	170	206	(98)	1,894
Total \$	5,948	2,374	152	185	(1,073)	7,586

Fiscal Year 2019

As of June 30, 2019, the City reported net OPEB liabilities related to the Plan of \$3,600,967. The SFPUC's proportionate share of the City's net OPEB liability as of June 30, 2019 was \$239,810: \$150,771 for Water Enterprise, \$53,567 for the Wastewater Enterprise, \$15,404 for Hetchy Water, \$18,826 for Hetchy Power, and \$1,242 for CleanPowerSF.

For the year ended June 30, 2019, the City's recognized OPEB expense was \$320,332. Amortization of the City's deferred outflows and inflows is included as a component of OPEB

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expense. The SFPUC's proportionate share of the City's OPEB expense was \$7,792: \$3,284 for Water Enterprise, \$768 for the Wastewater Enterprise, \$1,397 for Hetchy Water, \$1,708 for Hetchy Power, and \$635 for CleanPowerSF.

As of June 30, 2019, the SFPUC's reported its proportionate share of the City's deferred outflows and inflows of resources related to OPEB from the following sources:

Schedule of Deferred Outflows of Resources						
<u>Fiscal Year 2019</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
Contribution subsequent to the measurement date	\$ 9,154	3,252	935	1,143	75	14,559
Changes in assumptions	3,988	1,417	408	498	33	6,344
Total \$	13,142	4,669	1,343	1,641	108	20,903

Schedule of Deferred Inflows of Resources						
<u>Fiscal Year 2019</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
Differences between expected and actual experience	\$ 13,843	4,918	1,415	1,729	114	22,019
Net difference between projected and actual earnings on plan investments	140	49	14	17	1	221
Total \$	13,983	4,967	1,429	1,746	115	22,240

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in OPEB expense as follows:

<u>Fiscal years</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
2020	\$ (1,693)	(602)	(173)	(211)	(14)	(2,693)
2021	(1,693)	(602)	(173)	(211)	(14)	(2,693)
2022	(1,693)	(602)	(173)	(211)	(14)	(2,693)
2023	(1,629)	(578)	(167)	(205)	(14)	(2,593)
2024	(1,643)	(583)	(168)	(205)	(13)	(2,612)
Thereafter	(1,644)	(583)	(167)	(205)	(13)	(2,612)
Total \$	(9,995)	(3,550)	(1,021)	(1,248)	(82)	(15,896)

Actuarial Assumptions

Fiscal Year 2020

A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2019 (measurement year) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2018 updated to June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 6.35% in 2021 and trends down to ultimate rate of 3.93% in 2076 Medicare trend starts at 7.0% in 2021 and trends down to ultimate rate of 3.93% in 2076 10-County average trend starts at 5.82% in 2021 and trends down to ultimate rate of 3.93% in 2076 Vision and expenses trend remains a flat 3.5% for all years
Expected Rate of Return on Plan Assets	7.40%
Discount Rate	7.40%

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Salary Increase Rate Wage Inflation Component: 3.50%
Additional Merit Component (dependent on years of service):
Police: 1.50% - 8.00%
Fire: 1.50% - 15.00%
Muni Drivers: 0.00% - 15.00%
Craft: 0.00% - 3.50%
Misc: 0.00% - 5.25%

Inflation Rate Wage Inflation: 3.50% compounded annually
Consumer Price Inflation: 2.75% compounded annually

Mortality Tables Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2014.

Non-Annuitant - CalPERS employee mortality tables without scale BB projection

Gender	Adjustment	Base Year
Female	0.918	2009
Male	0.948	2009

Healthy Annuitants - CalPERS healthy annuitant mortality table without scale BB projection

Gender	Adjustment	Base Year
Female	1.014	2009
Male	0.909	2009

Miscellaneous Disable Annuitants - RP-2014 Disabled Retiree Tables without MP-2014 projection

Gender	Adjustment	Base Year
Female	1.066	2006
Male	0.942	2006

Safety Disables Annuitants - CalPERS industrial disability mortality table without scale BB projection

Gender	Adjustment	Base Year
Female	0.983	2009
Male	0.909	2009

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2015 projection scale. The scale was modified using the Society of Actuaries' model implementation tool with rates converging to the ultimate rate in 2017 (instead of 2029) and an ultimate rate of improvement of 0.85% (instead of 1.00%) up to age 85 decreasing to 0.70% (instead of 0.85%) at age 95.

Fiscal Year 2019

A summary of the actuarial assumptions and methods used to calculate the Total OPEB Liability as of June 30, 2018 (measurement year) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 6.50% and trends down to ultimate rate of 3.93% in 2076 Medicare trend starts at 7.5% and trends down to ultimate rate of 3.93% in 2076 10-County average trend starts at 5.90% and trends down to ultimate rate of 3.93% in 2076 Vision and expenses trend remains a flat 3.5% for all years
Expected Rate of Return on Plan Assets	7.40%
Discount Rate	7.40%

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Salary Increase Rate Wage Inflation Component: 3.50%
Additional Merit Component (dependent on years of service):
Police: 1.50% - 8.00%
Fire: 1.50% - 15.00%
Muni Drivers: 0.00% - 15.00%
Craft: 0.00% - 3.50%
Misc: 0.00% - 5.25%

Inflation Rate Wage Inflation: 3.50% compounded annually
Consumer Price Inflation: 2.75% compounded annually

Mortality Tables Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2014.
Non-Annuitant - CalPERS employee mortality tables without scale BB projection

Gender	Adjustment	Base Year
Female	0.918	2009
Male	0.948	2009

Healthy Annuitants - CalPERS healthy annuitant mortality table without scale BB projection

Gender	Adjustment	Base Year
Female	1.014	2009
Male	0.909	2009

Miscellaneous Disable Annuitants - RP-2014 Disabled Retiree Tables without MP-2014 projection

Gender	Adjustment	Base Year
Female	1.066	2006
Male	0.942	2006

Safety Disables Annuitants - CalPERS industrial disability mortality table without scale BB projection

Gender	Adjustment	Base Year
Female	0.983	2009
Male	0.909	2009

The mortality rates in the base tables are projected generationally from the base year using the modified version of the MP-2015 projection scale. The scale was modified using the Society of Actuaries' model implementation tool with rates converging to the ultimate rate in 2017 (instead of 2029) and an ultimate rate of improvement of 0.85% (instead of 1.00%) up to age 85 decreasing to 0.70% (instead of 0.85%) at age 95.

Sensitivity of Liabilities to Changes in the Healthcare Cost Trend Rate and Discount Rate

The following presents the SFPUC's proportionate share of the City's net OPEB liability calculated using the healthcare cost trend rate, as well as what its allocation of the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate as of June 30, 2020 and June 30, 2019:

		Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	Total 2020
1% Decrease	\$	141,666	50,356	14,150	17,295	1,901	225,368
Healthcare Trend		163,684	58,183	16,350	19,983	2,197	260,397
1% Increase		191,022	67,900	19,080	23,320	2,563	303,885

		Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	Total 2019
1% Decrease	\$	131,045	46,558	13,388	16,364	1,079	208,434
Healthcare Trend		150,771	53,567	15,404	18,826	1,242	239,810
1% Increase		175,236	62,259	17,903	21,882	1,443	278,723

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Discount Rate

Fiscal Year 2020

The discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.40%. Based on the assumption that plan member contributions will continue to be made at the rates specified in the Charter, it was determined that the Plan’s projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. As such, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was 7.40% based on expected future returns and historical returns experienced by the Trust Fund. Expected future returns were determined based on 10-year and 20-year capital market assumptions for the Trust Fund’s asset allocation. Target allocation for each major asset class and best estimates of geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	20-year Expected Return
Equities		
U.S. Equities	41.0 %	8.1 %
Developed Market Equity (non-U.S.)	20.0	8.5
Emerging Market Equity	16.0	10.4
Credit		
High Yield Bonds	3.0	6.5
Bank Loans	3.0	6.1
Emerging Market Bonds	3.0	5.2
Rate Securities		
Investment Grade Bonds	9.0	3.9
Treasury Inflation Protected Securities	5.0	3.6
Total	100.0	

The asset allocation targets summarized above have a 20-year return estimate of 8.30%, which was weighted against a 10-year model estimating a 7.50% return, resulting in the ultimate long-term expected rate of return of 7.40%.

The following presents the SFPUC’s proportionate share of the City’s net OPEB liability calculated using the discount rate, as well as what the SFPUC’s proportionate share of the City’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

		Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
1% Decrease 6.40%	\$	189,008	67,184	18,879	23,074	2,536	300,681
Discount Rate 7.40%		163,684	58,183	16,350	19,983	2,197	260,397
1% Increase 8.40%		142,994	50,829	14,283	17,457	1,919	227,482

Fiscal Year 2019

The discount rate used to measure the total OPEB liability as of June 30, 2018 was 7.40%. Based on the assumption that plan member contributions will continue to be made at the rates specified in the Charter, it was determined that the Plan’s projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. As such, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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The long-term expected rate of return on OPEB plan investments was 7.40% based on expected future returns and historical returns experienced by the Trust Fund. Expected future returns were determined based on 10-year and 20-year capital market assumptions for the Trust Fund's asset allocation.

Target allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	20-year Expected Return
Equities		
U.S. Equities	41.0 %	7.3 %
Developed Market Equity (non-U.S.)	20.0	7.1
Emerging Market Equity	16.0	9.4
Credit		
High Yield Bonds	3.0	5.4
Bank Loans	3.0	5.0
Emerging Market Bonds	3.0	4.9
Rate Securities		
Investment Grade Bonds	9.0	3.6
Treasury Inflation Protected Securities	5.0	3.3
Total	<u>100.0</u>	

The asset allocation targets summarized above have a 20-year return estimate of 7.50%, which was weighted against a 10-year model estimating a 6.30% return, resulting in the ultimate long-term expected rate of return of 7.40%.

The following presents SFPUC's proportionate share of the City's net OPEB liability calculated using the discount rate, as well as what SFPUC's proportionate share of the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Schedule of Employers' Proportionate Share of the Net OPEB Liability (Discount Rate)

	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
1% Decrease 6.40%	\$ 173,339	61,585	17,709	21,645	1,427	275,705
Discount Rate 7.40%	150,771	53,567	15,404	18,826	1,242	239,810
1% Increase 8.40%	132,306	47,006	13,517	16,521	1,089	210,439

City issues a publicly available financial report that includes the complete note disclosures and required supplementary information related to the City's post-employment health care obligations. The report may be obtained by writing to the City and County of San Francisco, Office of the Controller, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, California 94102, or by calling (415) 554-7500.

(13) Related Parties

Various common costs incurred by the Commission are allocated proratably between Water, Wastewater, Hetchy Water and Hetchy Power and CleanPowerSF. The allocations are based on the Commission management's best estimate and may change from year to year depending on the activities incurred by each enterprise and the information available.

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The following tables show the administrative costs including COVID-19 Project expenses for the years ended June 30, 2020 and 2019:

Fiscal Years	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total
	2020	\$ 45,533	49.3%	27,897	30.2%	4,326	4.7%	12,581	13.6%	2,041	2.2%
2019	42,407	49.6%	25,658	30.0%	3,735	4.4%	11,696	13.7%	1,928	2.3%	85,424

SFPUC's 75-year lease agreement with the San Francisco Recreation and Parks Department (SFRPD), for the use of parking spaces for its fleet of vehicles at the Civic Center Garage, commenced on February 1, 2011. The total payment under this agreement is \$6,274, which was fully made as of fiscal year 2015. The expenses and prepayments among the three SFPUC Enterprises are based on 525 Golden Gate occupancy.

The following tables show the allocable share of expenses and prepayments for the years ended June 30, 2020 and 2019:

	2020				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
Allocable share of expenses	\$ 45	22	5	13	85
Allocable share of prepayment	3,354	1,188	159	780	5,481

	2019				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
Allocable share of expenses	\$ 46	21	4	12	83
Allocable share of prepayment	3,399	1,210	164	793	5,566

Water Enterprise

The Water Enterprise purchases water from Hetch Hetchy Water. The amounts, totaling \$34,585 and \$33,578 for the years ended June 30, 2020 and 2019, respectively, have been included in the services provided by other departments in the accompanying financial statements.

The Water Enterprise purchases electricity from Hetch Hetchy Power at market rates. The amounts, totaling \$9,909 and \$9,480 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

The Water Enterprise sold water to the Wastewater Enterprise at retail rates. This amount, totaling \$1,474 and \$1,266 for the years ended June 30, 2020 and 2019, respectively, has been included in charges for services in the accompanying financial statements.

Since fiscal year 2008, the Water Enterprise has charged City departments for water usage with the exception of fire hydrants, which are used for general public safety. In fiscal years 2020 and 2019, the Water Enterprise delivered water for fire hydrant purposes totaling \$7, based on metered usage and applicable water rates, and the amount has been excluded from operating revenues in the accompanying financial statements.

A variety of City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to the Water Enterprise and charge amounts designed to recover those departments' costs. These charges, totaling \$16,634 and \$16,577 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

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During the fiscal year ended June 30, 2020, the Water Enterprise transferred \$14,000 to Hetch Hetchy Water to fund various upcountry capital projects, \$558 to the Arts Commission for arts enrichment, \$215 to the San Francisco Municipal Transpiration Agency for water conservation projects, and \$32 to the Office of the City Administrator for the Surety Bond Program. The Water Enterprise received \$1,220 from the General Fund for low income assistance programs and improvements to Miraloma Park.

As of June 30, 2020 and 2019, the Water Enterprise has payables in the amount of \$606 to the Office of the City Attorney for legal services provided, and \$68 to the Department of Public Works for sidewalk inspection and repair projects. As of June 30, 2019, the Water Enterprise had \$0 in payables to other City departments.

Wastewater Enterprise

The Wastewater Enterprise purchases electricity from Hetch Hetchy Power at market rates. This amount, totaling \$10,760 and \$10,907 for the years ended June 30, 2020 and 2019, respectively, has been included in services provided by other departments in the accompanying financial statements.

The Wastewater Enterprise purchases water from Water Enterprise at retail rates. This amount, totaling \$1,474 and \$1,266 for the years ended June 30, 2020 and 2019, respectively, has been included in services provided by other departments in the accompanying financial statements.

The Wastewater Enterprise provides sewer services to other City departments at non-residential rates established by the Commission, and through the Customer Services Department, bills and collects sewer service charges on behalf of the Wastewater Enterprise.

The City's Department of Public Works provides certain engineering and other services to the Wastewater Enterprise and charges amounts designed to recover its costs. These services are primarily related to street cleaning, engineering, building repair, and sewer repair. These amounts totaling approximately \$12,750 and \$13,884 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

A variety of other City departments provide services such as purchasing, legal, data processing, telecommunications, and human resources to the Wastewater Enterprise and charge amounts designed to recover those departments' costs. These charges totaling approximately \$12,324 and \$10,571 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

As of June 30, 2020 and 2019, the Wastewater Enterprise has payables in the amount of \$848 and \$955, respectively, which is associated with the SFPUC Headquarters Living Machine system. As of June 30, 2020, the Wastewater Enterprise has payable of \$1 to the City Attorney's Office for legal services provided.

SFPUC's 30-year lease agreement with the San Francisco Port Commission, for the use of approximately 4,833 square feet of land located within Seawall Lot 345 and within the public right-of-way on Terry A. Francois Boulevard and on Illinois Street, commenced on September 1, 2018. SFPUC intends to use the premises for the reconstruction of the Mariposa Pump Station and Force Main Improvements. Total payment under this agreement is \$502, which was fully made as of fiscal year 2019. As of June 30, 2020, the Wastewater Enterprise's expenses and prepayment were \$17 and \$472, respectively, and as of June 30, 2019 were \$14 and \$488, respectively.

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Hetchy Water

The Water Enterprise purchases water from Hetchy Water. Included in the operating revenues are the water assessment fees of \$34,585 and \$33,578 for the years ended June 30, 2020 and 2019, respectively. The water assessment fees represent a recovery to fund upcountry, water-related costs that are not otherwise funded through Hetchy water-related revenue or Water revenue bonds.

A variety of City departments provide direct services such as engineering, purchasing, legal, data processing, telecommunication, and human resources to Hetchy Water and charge amounts designed to recover those departments' costs. These charges totaling approximately \$1,853 and \$1,622 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

Hetchy Water received \$14,000 and \$20,000 for the years ended June 30, 2020 and 2019, respectively, from the Water Enterprise to fund upcountry projects.

As of June 30, 2020, Hetchy Water had \$240 in payable and \$104 in receivable with the City Attorney's Office for legal services. Hetchy Water had no receivable or payable with other City departments as of June 30, 2019.

Hetchy Power

As of June 30, 2020, and 2019, operating revenues in sales of power to departments within the City were \$99,797 and \$97,715, respectively.

A variety of City departments provide direct services such as engineering, purchasing, legal, data processing, telecommunication, and human resources to Hetchy Power and charge amounts designed to recover those departments' costs. These charges totaling approximately \$6,426 and \$6,833 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

The Water Enterprise also purchases electricity and gas from Hetchy Power. This amount totaled \$9,909 and \$9,480 for the years ended June 30, 2020 and 2019, respectively.

The Wastewater Enterprise purchases electricity and gas from Hetchy Power. This amount totaled \$10,760 and \$10,907 for the years ended June 30, 2020 and 2019, respectively.

The Low Carbon Fuel Standard (LCFS) program is a regulatory program overseen by the California Air Resources Board (CARB). The LCFS program seeks to reduce the carbon intensity of California's transportation fuel by 20% by 2030. Transportation fuel suppliers can achieve this goal by either reducing the carbon intensity of their fuels or purchasing LCFS credits from other fuel; suppliers that have a lower carbon intensity. In 2017, the San Francisco Municipal Transportation Agency (SFMTA) joined the LCFS program, signing up its transit fleet of electric buses, cable cars, and light rail vehicles and generating LCFS credits. Through a Memorandum of Understanding (MOU) with SFMTA, approved by the SFPUC Commission in Resolution 17-0199, net proceeds from the sale of LCFS credits would be shared 50/50 between SFMTA and Hetchy Power. Under the MOU, Hetchy Power would take responsibility for selling the LCFS credits. In Ordinance 0199-19, the Board of Supervisors authorized Hetchy Power to establish the Low Carbon Fuel Standard Fund to account for the revenue and expenditure from the sale of LCFS credits. The Ordinance also allowed Hetchy Power to sell LCFS credits on behalf of other City agencies. As of June 30, 2020, Hetchy Power received total payments of \$13,840 for the LCFS credits, of which \$6,920 or 50% was reallocated to SFMTA and the remaining portion was reported as other non-operating revenues on the Statements of Revenues, Expenses, and Change in Net Position.

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Hetchy Power facilitates all electric and gas service connections between PG&E and City departments. In this capacity, Hetchy Power facilitates and coordinates the terms and payment for the service connections that are performed by PG&E. As of June 30, 2020, and 2019, there was no outstanding amount due from City departments related to this work. In the event Hetchy Power received money from PG&E after project completion, monies are to be refunded to the City departments for their respective credits.

Due from other City departments was \$13,369 and \$9,850 with elimination of a \$1,800 and \$3,731 working capital loan to CleanPowerSF for the years ended June 30, 2020 and 2019, respectively. Hetchy Power serves as the City’s department for energy efficiency projects and maintains the Sustainable Energy Account (SEA) (formerly known as the Mayor’s Energy Conservation Account) fund to sponsor and financially support such projects at various City departments. In this role, Hetchy Power may secure low-interest financing to supplement funds available in the SEA fund. At June 30, 2020 and 2019, projects completed or under way throughout the City amounted to \$5,062 and \$5,569, respectively, and are recorded as due from other government agencies.

Hetchy Power funded a project for the Treasure Island Development Authority, and recorded a receivable of \$6,581 in connection with an upgraded submarine power cable for the Treasure Island as due from other government.

As of June 30, 2020, and 2019, Hetchy Power recorded receivables of \$847 and \$955, respectively, due from Wastewater Enterprise for its share of costs relating to SFPUC Headquarters Living Machine System. Details of due from other City departments are as follows:

	<u>2020</u>	<u>2019</u>
Treasure Island Development Authority	\$ 6,581	2,599
SEA-related projects - Moscone Center	5,062	5,569
Wastewater - 525 Golden Gate Headquarters Project	847	955
San Francisco Recreation and Park	524	629
City Attorney Office	331	—
Department of Public Works	24	98
Total due from other City departments	<u>13,369</u>	<u>9,850</u>
Less: current portion	<u>(1,074)</u>	<u>(817)</u>
Long-term portion as of June 30, net	<u>\$ 12,295</u>	<u>9,033</u>

As of June 30, 2020, Hetchy Power had payables in the amount of \$600, of which \$369 to the Port of San Francisco for Pier 70 Shoreside Power Project and \$231 to the City Attorney’s Office for legal services. As of June 30, 2019, Hetchy Power recorded \$350 in payable to the Port of San Francisco for Pier 70 Shoreside Power Project.

CleanPowerSF

As of June 30, 2020, and 2019, operating revenue in sales of power to Hetchy Power were \$694 and \$572, respectively. Operating expenses in purchase of power from Hetchy Power were \$339 and \$3,026, respectively. Wholesale sales of energy, capacity and/or other electric power related products may be made between the CleanPowerSF and Hetchy Power, when available. CleanPowerSF and Hetchy Power transact for such products at prevailing market prices.

A variety of City departments provide direct services such as engineering, purchasing, legal, data processing, telecommunication, and human resources to CleanPowerSF and charge amounts designed to recover those departments’ costs. These charges totaling approximately \$2,728 and \$3,208 for the years ended June 30, 2020 and 2019, respectively, have been included in services provided by other departments in the accompanying financial statements.

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CleanPowerSF received program support services from Hetchy Power. This amount totaled \$1,685 and \$1,840 for the years ended June 30, 2020 and 2019, respectively.

CleanPowerSF had \$9 and \$0 in payable due to the other City departments for legal services as of June 30, 2020 and 2019, respectively.

(14) Risk Management

The SFPUC’s Risk Management program includes both self-insured (i.e., self-retention) and insured exposures at risk. Risk assessments and purchasing of insurance coverage are collaboratively coordinated by SFPUC Enterprise Risk Management and the City’s Office of Risk Management. With certain exceptions, the City and the SFPUC’s general approach is to first evaluate the exposure at risk for self-insurance. Based on this analysis, internal mitigation strategies and financing through a self-retention mechanism are generally more economical as the SFPUC in coordination with the City Attorney’s Office administers, adjusts, settles, defends, and pays claims from budgeted resources (i.e., pay-as-you-go fund). When economically more viable or when required by debt financing covenants, the SFPUC obtains commercial insurance. At least annually, the City actuarially determines general liability and workers’ compensation risk exposures. The SFPUC does not maintain commercial earthquake coverage, with certain minor exceptions, such as a sub-limit for fire-sprinkler leakage due to earthquake under the SFPUC Property Insurance program.

<u>Risks</u>	<u>Coverage Approach</u>
(a) General liability	Self-Insured
(b) Workers’ compensation	Self-Insured through Citywide Pool
(c) Property	Purchased Insurance and Self-Insured
(d) Public officials liability	Purchased Insurance
(e) Employment practices liability	Purchased Insurance
(f) Crime	Purchased Insurance
(g) Electronic data processing	Purchased Insurance and Self-Insured
(h) Surety bonds	Purchased and Contractually Transferred
(i) Errors and omissions	Combination of Self-Insured and Contractual Risk Transfer
(j) Professional liability	Combination of Self-Insured and Contractual Risk Transfer
(k) Builders’ risk	Contractually Transferred

a) General Liability

Through coordination with the Controller and the City Attorney’s Office, the general liability risk exposure is actuarially determined and is addressed through pay-as-you-go funding as part of the budgetary process. Associated costs and estimates are booked as expenses as required under GAAP for financial statement purposes for both the SFPUC and the City and County of San Francisco’s Comprehensive Annual Financial Report. The claim expense allocations are determined based on actuarially determined anticipated claim payments and the projected timing of disbursement.

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The changes for the general liability (damage claims) for the years ended June 30, 2020 and 2019 are as follows:

	2020					
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
	Beginning of year	\$ 11,509	16,368	224	2,053	7
Claims and changes in estimates	709	1,952	550	9,182	307	12,700
Claims paid	(1,451)	(2,429)	(216)	(9,013)	(208)	(13,317)
End of year	\$ 10,767	15,891	558	2,222	106	29,544

	2019					
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
	Beginning of year	\$ 13,402	14,066	233	2,233	–
Claims and changes in estimates	4,768	4,699	314	2,400	44	12,225
Claims paid	(6,661)	(2,397)	(323)	(2,580)	(37)	(11,998)
End of year	\$ 11,509	16,368	224	2,053	7	30,161

b) Workers' Compensation

The City actuarially determines and allocates workers' compensation costs to the SFPUC according to a formula based on the following: (i) the dollar amount of claims; (ii) yearly projections of payments based on historical experience; and (iii) the size of the SFPUC's payroll. The administration of workers' compensation claims and payouts are handled by the Workers' Compensation Division of the City's Department of Human Resources. Statewide workers' compensation reforms have resulted in budgetary savings in recent years. The City continues to develop and implement improved programs, such as return-to-work programs, to lower or mitigate the growth of workers' compensation costs. Programs include accident prevention, investigation, and duty modification for injured employees with medical restrictions so return to work can occur as soon as possible.

The changes in the liabilities for workers' compensation for the years ended June 30, 2020 and 2019 are as follows:

	2020*				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
	Beginning of year	\$ 10,336	5,914	1,238	2,261
Claims and changes in estimates	1,065	1,932	75	261	3,333
Claims paid	(2,227)	(1,795)	(126)	(322)	(4,470)
End of year	\$ 9,174	6,051	1,187	2,200	18,612

	2019*				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
	Beginning of year	\$ 10,957	5,784	989	1,960
Claims and changes in estimates	2,707	1,944	462	789	5,902
Claims paid	(3,328)	(1,814)	(213)	(488)	(5,843)
End of year	\$ 10,336	5,914	1,238	2,261	19,749

* CleanPowerSF had no workers' compensation liability as of June 30, 2020 and 2019.

c) Property

The SFPUC's property risk management approach varies depending on whether the facility is currently under construction, the property is part of revenue-generating operations, the property is of high value, or is mission-critical in nature. During the course of construction, the SFPUC

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requires each contractor to provide its own insurance, while ensuring the full scope of work be covered with satisfactory levels to limit the SFPUC's risk exposure. Once construction is complete, the SFPUC performs an assessment to determine whether liability/loss coverage will be obtained through the commercial property policy or self-insurance. The majority of property scheduled in the insurance program is for either: 1. revenue generating facilities, 2. debt financed facilities, 3. mandated coverage to meet statutory requirements for bonding of various public officials, or 4. high-value, mission-critical property or equipment.

d) *Public Officials Liability*

All SFPUC public officials with financial oversight responsibilities are provided coverage through a commercial Public Officials Liability Policy.

e) *Employment Practices Liability*

An Employment Practices Liability Policy is retained to protect against employment-related claims and liabilities.

f) *Crime*

The SFPUC also retains a Commercial Crime Policy, in lieu of bonding its employees, to provide coverage against liabilities or losses due to third-party crime or employee fraud.

g) *Electronic Data Processing*

The Electronic Data Processing policy protects selected high-value electronic property in case of damage or loss.

h) *Surety Bonds*

Bonds are required in most phases of the public utilities construction contracting process for such phases as bid, performance, and payment or maintenance. Additionally, bonds may be required in other contracts where goods or services are provided to ensure compliance with applicable terms and conditions such as warranty.

i) *Errors and Omissions*

Errors and omissions are commonly transferred through contract to the contracted professional, or retained through self insurance on a case-by-case basis depending on the size, complexity, or scope of construction or professional service contracts. Examples of such contracts are inclusive of services provided by engineers, architects, design professionals, and other licensed or certified professional service providers.

j) *Professional Liability*

Professional liability is commonly transferred through contract to the contracted professional, or retained through self-insurance on a case-by-case basis depending on the size, complexity, or scope of construction or professional service contracts. Examples of such contracts are inclusive of services provided by engineers, architects, design professionals, and other licensed or certified professional service providers.

k) *Builders' Risk*

Builders' Risk policies of insurance are required to be provided by the contractor on all construction projects for the full value of construction.

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l) Energy Risk Management

Similar to other electric utilities with a heavy reliance on hydroelectric generation, Hetch Hetchy is exposed to risks that could impact its ability to generate net revenues to fund operating and capital investment activities. Hydroelectric generation facilities in the Sierra Nevada are the primary source of electricity for Hetch Hetchy. For this reason, the Hetch Hetchy revenues can vary with watershed hydrology, unexpected generator outages, and market prices for energy. Given the inherent risk for all hydroelectric generation, several risk management interventions have been developed to mitigate exposure.

m) Enterprise Risk Management

The Power Enterprise adopted the ISO 31000 standard for Hetchy Power and the CleanPowerSF program as the framework for implementing Enterprise Risk Management (ERM). The SFPUC utilizes this framework to systematically and proactively identify and mitigate risks that threatens its business objectives. Since not all risks are insurable or transferable contractually, the ERM program provides an additional method to manage risks and protect the SFPUC's current and expanding business allowing for increased operational resiliency and the ability to capitalize on opportunities.

(15) Commitments and Litigation

a) Commitments

SFPUC has outstanding commitments with third parties for various capital projects and other purchase agreements for materials and services. As of June 30, 2020 and 2019, the Water Enterprise had outstanding commitments with third parties of \$208,832 and \$237,663, respectively. As of June 30, 2020 and 2019, the Wastewater Enterprise had outstanding commitments with third parties of \$453,061 and \$269,132, respectively. As of June 30, 2020 and 2019, Hetch Hetchy had outstanding commitments with third parties of \$103,508 and \$96,467, respectively.

Hetchy Water

To meet certain requirements of the Don Pedro Reservoir operating license, the City entered into an agreement with the MID and TID in which the Districts would be responsible for an increase in water flow releases from the reservoir in exchange for annual payments from the City, which are included in Hetchy Water's operating expenses. The payment amounts were \$4,979 and \$5,687 for fiscal years 2020 and 2019, respectively. The payments are to be made for the duration of the license, but may be terminated with one year's prior written notice after 2001. The City and the Districts have also agreed to monitor the fisheries in the lower Tuolumne River for the duration of the license. A maximum monitoring expense of \$1,400 is to be shared between the City and the Districts over the term of the license. The City's share of the monitoring costs is 52%, while the Districts are responsible for 48% of the costs.

Hetchy Power

Wholesale Distribution Tariff (WDT) and Key Operating Agreements for Grid Access

Upon expiration of the City's previous Interconnection Agreement with PG&E, the City begins taking service in 2015 under the Wholesale Distribution Tariff for distribution service and under the CAISO Open-Access Transmission Tariff for transmission service. The FERC regulated Wholesale Distribution Tariff is implemented by PG&E through the City specific Service Agreements and Interconnection Agreements. The terms of these agreements have been in contention since the effective date. The City is continuing to negotiate with PG&E and, where

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necessary, filing complaints and protests at FERC. Additionally, staff prepares regular reporting for the Board of Supervisors outlining on-going disputes with PG&E over project requirements, costs and delays. During fiscal years 2020 and 2019, Hetchy Power purchased distribution services for \$9,270 and \$10,404, respectively, from PG&E under the terms of the Service Agreements and Interconnection Agreements that implement the Wholesale Distribution Tariff.

Western System Power Pool and other Market Purchases and Sales

Hetchy Power may purchase or sell energy and other related products (such as ancillary services, spinning reserves, resource adequacy products, and congestion revenue rights) with different market entities through the Western System Power Pool (WSPP) and the CAISO. During fiscal years 2020 and 2019, Hetchy Power purchased \$2,041 and \$8,269 of power and other related products, respectively. Sales of excess power, after meeting Hetchy's obligations, were \$3,105 or 134,574 MWh for 2020, and \$0, for 2019, respectively.

Power Purchase Agreement (PPA)

Hetchy Power (Buyer) purchases energy, capacity, and environmental attributes from a solar photovoltaic project located at Sunset Reservoir (the facility) pursuant to the 2009 25-year PPA with SFCity1, LP, owned by Duke Energy (Seller). In November 2010, the facility commenced commercial operation and began to provide Hetchy Power energy generated by the facility.

The PPA sets the starting purchase price of generated energy at \$235/MWh, increasing by 3% each year throughout the term of the agreement, and it is expected that the facility will generate 6,560 MWh per year. In fiscal year 2020, the facility generated 6,877 MWh and the rate was at \$315/MWh. In the event that the facility generates more energy than expected due to better than normal meteorological conditions, the PPA requires the Buyer to purchase all the excess energy but generation in excess of 120% of expected is purchased at no cost. The PPA also requires the Seller to generate a minimum amount of energy from the facility annually. If energy production falls below 50% of expected, the Seller must provide replacement power, and if energy falls below 90% of expected, the price for energy generated is lowered. In fiscal years 2020 and 2019, purchases of energy under the Agreement were \$2,135, or 6,877 MWh, and \$1,957, or 6,427 MWh, respectively.

CleanPowerSF

CleanPowerSF began serving customers in May 2016 and entered into contracts with Calpine Energy Services L.P. (Calpine) and Shiloh I Wind Project LLC (Shiloh) to purchase renewable and conventional energy and resource adequacy capacity to meet its retail sales obligations. Both contracts feature 10-year master agreements under which multiple transactions may be executed. Calpine required a reserve balance of \$2,663 as of June 30, 2019, which was equivalent to two months' worth of estimated payment. CleanPowerSF's obligation to maintain the reserve balance under the Calpine contract expired upon the payment of the final invoice on June 6, 2019 and did not have any reserve balance requirement in fiscal year 2020.

Since its launch, CleanPowerSF has added multiple additional short-term and medium-term contracts with multiple counterparties pursuant to master agreements, including the Western System Power Pool Master Agreement, to purchase renewable, carbon-free and conventional energy and resource adequacy capacity, as well as long-term contracts for renewable energy and capacity with renewable energy developers sPower, Terra-Gen, NextEra and EDF Renewables. These contracts have been entered to allow CleanPowerSF to both meet its existing retail sales obligations and to support future retail sales from the citywide enrollment into the CleanPowerSF program. Citywide enrollment was substantively completed with the enrollment of residential accounts in April 2019. The total power purchase cost, net of wholesale sales, equaled \$174,432 and \$119,812 in fiscal years 2020 and 2019, respectively.

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CleanPowerSF entered into a contract with Noble Americas Energy Solutions in November 2015 for a three-year term, not to exceed \$5,600 to provide data management, billing administration and customer care services. On December 1, 2016, Noble Americas Energy Solutions was acquired by Calpine Corporation and was renamed Calpine Energy Solutions. Subsequently, CleanPowerSF's contract was assigned to Calpine Energy Solutions under its new name and ownership. In August 2018, CleanPowerSF exercised its option under the contract to extend the term for three years, through October 31, 2021, and increased the contract's not-to-exceed value to \$18,769. During fiscal years 2020 and 2019, amounts paid were \$6,240 and \$2,602, respectively.

CleanPowerSF Guarantee

In March 2018, CleanPowerSF entered into a five-year, \$75,000 Credit Agreement with J.P. Morgan Chase in order for the program to secure letters of credit to guarantee certain payment obligations of CleanPowerSF and to meet working capital needs, if necessary. The Credit Agreement is secured by CleanPowerSF's net revenues; there is no pledge of or lien on net revenues that ranks senior to the obligations of the Credit Agreement. The letters of credit, issued by J.P. Morgan Chase, were in the amount of \$17,985 and \$21,410 as of June 30, 2020 and 2019, respectively. There was no draw against the Credit Agreement during fiscal years 2020 and 2019. The unused credit under the credit agreement was \$57,015 and \$53,590 during fiscal years 2020 and 2019, respectively. In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, Significant Events of default as specified in the Credit Agreement include 1. non-payment 2. material breach of warranty representation, or other non-remedied breach of covenants as specified in the respective agreement and 3. bankruptcy, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement.

b) Grants

Grants that the SFPUC received are subject to audit and final acceptance by the granting agency. Current and prior year costs of such grants are subject to adjustment upon audit.

c) Litigation

The SFPUC is a defendant in various legal actions and claims that arise during the normal course of business. The final disposition of these legal actions and claims is not determinable. However, in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of SFPUC.

d) Environmental Issue

Water

As of June 30, 2020 and 2019, the Water Enterprise recorded \$1,577 and \$2,194 in pollution remediation liability, respectively. This decrease of \$617 in pollution remediation liability in fiscal year 2020 is for expenses relating to the excavation of contaminated soil that contained polycyclic aromatic hydrocarbons from the Pacific Rod & Gun Club site in the Lake Merced area, and remediation activities for the 17th and Folsom site. As of June 30, 2020, the pollution remediation liability of \$1,577 consisted of \$1,274 for the Pacific Rod & Gun Club site, and \$303 for the 17th and Folsom site. As of June 30, 2019, the pollution remediation liability of \$2,194 consisted of \$1,291 for the Pacific Rod & Gun Club site, and \$903 for the 17th and Folsom site.

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Wastewater

As of June 30, 2020 and 2019, the Wastewater Enterprise recorded \$7,800 and \$7,500 in pollution remediation liability, respectively. This increase of \$300 in pollution remediation liability in fiscal year 2020 is due to increase in cleanup cost estimates for the toxic sediments at Yosemite Creek.

Hetch Hetchy

Hetch Hetchy had no pollution remediation liability as of June 30, 2020 and 2019.

(16) Subsequent Events

a) Water Revenue Bonds Series 2020 ABCD Issuance – Water

On September 23, 2020 the SFPUC issued its San Francisco Water Revenue Bonds, 2020 Sub-Series A (WSIP, Tax-exempt) (Green Bonds), Sub-Series B (Regional Water, Tax-exempt), Sub-Series C (Local Water, Tax-exempt), and Sub-Series D (Hetch Hetchy Water, Tax-exempt) together with an aggregate principal of \$346,760 to (i) refund approximately \$229,770 aggregate principal amount of commercial paper notes issued pursuant to the Water Enterprise's commercial paper program to finance or refinance a portion of the design, acquisition and construction of various capital projects in furtherance of the SFPUC's Water System Improvement Program (WSIP) and the Hetchy Water Program and (ii) \$164,632 new money to finance a portion of the design, acquisition and construction of various capital projects of benefit to the SFPUC's Water Enterprise.

b) Declaration of Emergency – Water

On October 19, 2020, the SFPUC declared a departmental emergency related to the replacement and repair of fences that were damaged by the SCU Lightning Complex Fire. The emergency repair will require immediate contracting resources/facilities to begin work as soon as possible. Estimated costs are approximately \$4,500.

c) Water Revenue Bonds Series 2020 EFGH Issuance – Water

On October 21, 2020 the SFPUC issued its San Francisco Water Revenue Bonds, 2020 Sub-Series E (Taxable Refunding – WSIP, Green Bonds), Sub-Series F (Taxable Refunding – Non-WSIP), Sub-Series G (Taxable Refunding – Local Water), and Sub-Series H (Taxable Refunding – Hetch Hetchy Water) in an aggregate principal amount of \$664,395 to advance refund all or a portion of various series of the SFPUC's Outstanding Bonds.

d) First Time Rating – CleanPowerSF

On December 9, 2020, Moody's Investors Service, (Moody's) assigned a first-time A2 Issuer Rating to CleanPowerSF, with a stable outlook.



Photo by Robin Scheswohl

Cherry Creek

Required Supplementary Information

(Unaudited)

Schedules of the Proportionate Share of the Net Pension Liability

Schedules of Employer Contributions – Pension Plan

Schedules of Changes in Other Postemployment Benefits Liability and related Ratios
Other Postemployment Healthcare Benefits Plan

Schedules of Employer Contributions – Other Postemployment Benefits

Supplementary Information

(Proprietary Funds)

Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year

Schedule of Changes in Revenues, Expenses, and Net Position – Dollar and Percentage
Change vs. Prior Year

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Required Supplementary Information (Unaudited)
Schedules of the Proportionate Share of the Net Pension Liability
Fiscal Years Ended 2015 to 2020
(In thousands)

City - San Francisco Employee's Retirement System (SFERS) Plan and Measurement Period (MP)	2015* (MP 2014)	2016** (MP 2015)	2017** (MP 2016)	2018 (MP 2017)	2019 (MP 2018)	2020 (MP 2019)
Proportion of net pension liability	93.78%	93.90%	94.22%	94.07%	94.10%	94.13%
Proportionate share of the net pension liability (asset)	\$ 1,660,365	2,156,049	5,476,654	4,697,131	4,030,207	4,213,808
Covered payroll	\$ 2,398,979	2,529,879	2,681,695	2,880,112	3,045,153	3,186,405
Proportionate share of the net pension liability as a percentage of covered payroll	69.21%	85.22%	204.22%	163.09%	132.35%	132.24%
Plan fiduciary net position as a percentage of total pension liability	91.84%	89.90%	77.61%	81.78%	85.20%	85.30%
Water						
Proportion of net pension liability	5.08%	5.00%	4.75%	4.45%	4.35%	4.23%
Proportionate share of the net pension liability (asset)	\$ 84,374	108,024	259,956	209,003	175,429	178,133
Covered payroll^	127,364	132,138	134,734	135,361	140,137	142,781
Proportionate share of the net pension liability as a percentage of covered payroll	66.25%	81.75%	192.94%	154.40%	125.18%	124.76%
Wastewater						
Proportion of net pension liability	2.27%	2.20%	2.17%	2.15%	2.11%	2.05%
Proportionate share of the net pension liability (asset)	\$ 37,615	48,177	118,907	100,973	85,037	86,235
Covered payroll^	56,913	58,141	61,552	65,399	67,975	69,197
Proportionate share of the net pension liability as a percentage of covered payroll	66.09%	82.86%	193.18%	154.40%	125.10%	124.62%
Hetchy Water						
Proportion of net pension liability	0.56%	0.57%	0.57%	0.54%	0.50%	0.51%
Proportionate share of the net pension liability (asset)	\$ 9,242	12,093	31,235	25,216	20,390	21,477
Covered payroll^	14,040	15,064	16,168	16,426	16,108	17,215
Proportionate share of the net pension liability as a percentage of covered payroll	65.83%	80.28%	193.19%	153.51%	126.59%	124.76%
Hetchy Power						
Proportion of net pension liability	0.68%	0.69%	0.70%	0.65%	0.62%	0.62%
Proportionate share of the net pension liability (asset)	\$ 11,295	14,781	38,177	30,819	24,920	26,249
Covered payroll	17,049	18,235	19,855	19,772	19,974	20,928
Proportionate share of the net pension liability as a percentage of covered payroll	66.25%	81.06%	192.27%	155.87%	124.76%	125.43%
CleanPowerSF						
Proportion of net pension liability	Data not available - CleanPowerSF launched in May 2016.			0.02%	0.03%	0.04%
Proportionate share of the net pension liability (asset)				\$ 1,087	1,070	1,805
Covered payroll^				608	966	1,350
Proportionate share of the net pension liability as a percentage of covered payroll				178.68%	110.71%	133.69%
SFPUC Total						
Proportion of net pension liability	8.59%	8.46%	8.19%	7.81%	7.61%	7.45%
Proportionate share of the net pension liability (asset)	\$ 142,526	183,075	448,275	367,098	306,846	313,899
Covered payroll^	215,365	223,577	232,309	237,566	245,159	251,471
Proportionate share of the net pension liability as a percentage of covered payroll	66.18%	81.88%	192.96%	154.52%	125.16%	124.83%

* Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Therefore only six years data shown. RSI will be provided for 10 years as it becomes available.

**Changes of Assumptions for fiscal year 2017, the discount rate was increased from 7.46% to 7.50%. For fiscal year 2016, the discount rate was reduced from 7.58% to 7.46%. The impact of benefit changes for the year ended June 30, 2017, which was \$1.22 billion, for the City SFERS Plan was recognized immediately as pension expense.

^ Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is calculated based on the percentage of proportion of net pension liability by the Total covered payroll from SFERS (www.mysfers.org). The total covered payroll for SFERS includes the City, San Francisco Unified School District, San Francisco Community College District and the San Francisco Courts.

Source: Office of the Controller, City and County of San Francisco City and San Francisco Employees' Retirement System (SFERS)

See accompanying auditors' report.

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Required Supplementary Information (Unaudited)
Schedules of Employer Contributions - Pension Plan
Fiscal Years Ended 2015 to 2020
(In thousands)

City - SFERS Plan and Measurement Period (MP)	2015* (MP 2015)	2016 (MP 2016)	2017 (MP 2017)	2018 (MP 2018)	2019 (MP 2019)	2020 (MP 2020)
Actuarially determined contributions ^{1**}	\$ 556,511	496,343	519,073	582,568	607,408	701,307
Contributions in relations to the actuarially determined contributions ¹	(556,511)	(496,343)	(519,073)	(582,568)	(607,408)	(701,307)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll	\$ 2,529,879	2,681,695	2,880,112	3,045,153	3,186,405	3,378,945
Contributions as a percentage of covered payroll	22.00%	18.51%	18.02%	19.13%	19.06%	20.76%
Water						
Actuarially determined contributions ¹	\$ 28,280	24,497	24,638	25,922	26,440	29,647
Contributions in relations to the actuarially determined contributions ¹	(28,280)	(24,497)	(24,638)	(25,922)	(26,440)	(29,647)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 132,138	134,734	135,361	140,137	142,781	150,884
Contributions as a percentage of covered payroll	21.40%	18.18%	18.20%	18.50%	18.52%	19.65%
Wastewater						
Actuarially determined contributions ¹	\$ 12,608	10,930	11,270	12,523	12,816	14,352
Contributions in relations to the actuarially determined contributions ¹	(12,608)	(10,930)	(11,270)	(12,523)	(12,816)	(14,352)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 58,141	61,552	65,399	67,975	69,197	73,123
Contributions as a percentage of covered payroll	21.69%	17.76%	17.23%	18.42%	18.52%	19.63%
Hetchy Water						
Actuarially determined contributions ¹	\$ 3,097	2,806	2,961	3,128	3,073	3,574
Contributions in relations to the actuarially determined contributions ¹	(3,097)	(2,806)	(2,961)	(3,128)	(3,073)	(3,574)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 15,064	16,168	16,426	16,108	17,215	18,192
Contributions as a percentage of covered payroll	20.56%	17.36%	18.03%	19.42%	17.85%	19.65%
Hetchy Power						
Actuarially determined contributions ¹	\$ 3,786	3,430	3,618	3,822	3,756	4,369
Contributions in relations to the actuarially determined contributions ¹	(3,786)	(3,430)	(3,618)	(3,822)	(3,756)	(4,369)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 18,235	19,855	19,772	19,974	20,928	22,115
Contributions as a percentage of covered payroll	20.76%	17.27%	18.30%	19.14%	17.95%	19.76%
CleanPowerSF						
Actuarially determined contributions ¹	\$	Data not available - CleanPowerSF launched in May 2016.	135	161	300	
Contributions in relations to the actuarially determined contributions ¹	\$	Data not available - CleanPowerSF launched in May 2016.	(135)	(161)	(300)	
Contribution deficiency (excess)	\$	Data not available - CleanPowerSF launched in May 2016.	—	—	—	
Covered payroll [^]	\$	Data not available - CleanPowerSF launched in May 2016.	966	1,350	1,427	
Contributions as a percentage of covered payroll	\$	Data not available - CleanPowerSF launched in May 2016.	13.97%	11.92%	21.03%	
SFPUC Total						
Actuarially determined contributions ¹	\$ 47,771	41,663	42,487	45,530	46,246	52,242
Contributions in relations to the actuarially determined contributions ¹	(47,771)	(41,663)	(42,487)	(45,530)	(46,246)	(52,242)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 223,577	232,309	236,958	245,159	251,471	265,741
Contributions as a percentage of covered payroll	21.37%	17.93%	17.93%	18.57%	18.39%	19.66%

(continued)

¹Contractually required contributions is an actuarially contribution for all cost-sharing plans.

*Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Therefore only six years data shown. RSI will be provided for 10 years as it becomes available.

** In fiscal year 2015, the actuarially determined contributions were based on an estimated. Due to the early implementation of GASB Statement No. 82, *Pension Issues*, the City decreased the actuarially determined contributions for the City SFERS plan to deduct the employer pickup in the amount of \$8.6 million.

[^] Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is calculated based on the percentage of proportion of net pension liability by the Total covered payroll from SFERS (www.mysfers.org). The total covered payroll for SFERS includes the City, San Francisco Unified School District, San Francisco Community College District and the San Francisco Courts. For fiscal year 2020, the percentage of proportion of net pension liability is based on FY2019.

Source: Office of the Controller, City and County of San Francisco City and San Francisco Employees' Retirement System (SFERS)

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Employer Contributions - Pension Plan
Fiscal Years Ended 2015 to 2020
(In thousands)

<u>Methods and assumptions used to determine FY 2020 contribution rates to SFERS Plan</u>	
Valuation date.....	July 1, 2018 updated to June 30, 2019
Actuarial cost method.....	Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period
Asset valuation method.....	5 year smoothed market
	7.40% (net of pension plan investment, including inflation)
Investment rate of return.....	
Inflation.....	2.75% compounded annually
Projection salary increase.....	Wage inflation component: 3.50%
<u>Methods and assumptions used to determine FY 2019 contribution rates to SFERS Plan</u>	
Valuation date.....	July 1, 2017 updated to June 30, 2018
Actuarial cost method.....	Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period
Asset valuation method.....	5 year smoothed market
Investment rate of return.....	7.50% (net of investment expenses)
Inflation.....	3.00% compounded annually
Projection salary increase.....	Wage inflation component: 3.50%
<u>Methods and assumptions used to determine FY 2018 contribution rates to SFERS Plan</u>	
Valuation date.....	July 1, 2016 updated to June 30, 2017
Actuarial cost method.....	Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period
Asset valuation method.....	5 year smoothed market
Investment rate of return.....	7.50% (net of investment expenses)
Inflation.....	3.25% compounded annually
Projection salary increase.....	Wage inflation component: 3.75%
<u>Methods and assumptions used to determine FY 2017 contribution rates to SFERS Plan</u>	
Valuation date.....	July 1, 2015 updated to June 30, 2016
Actuarial cost method.....	Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period
Asset valuation method.....	5 year smoothed market
Investment rate of return.....	7.50% (net of investment expenses)
Inflation.....	3.25% compounded annually
Projection salary increase.....	Wage inflation component: 3.75%
<u>Methods and assumptions used to determine FY 2016 contribution rates to SFERS Plan</u>	
Valuation date.....	July 1, 2014 updated to June 30, 2015
Actuarial cost method.....	Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period
Asset valuation method.....	5 year smoothed market
Investment rate of return.....	7.50% (net of investment expenses)
Inflation.....	3.25% compounded annually
Projection salary increase.....	Wage inflation component: 3.75%
<u>Methods and assumptions used to determine FY 2015 contribution rates to SFERS Plan</u>	
Valuation date.....	July 1, 2013 updated to June 30, 2014
Actuarial cost method.....	Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll
Remaining amortization period.....	Rolling 15-year period
Asset valuation method.....	5 year smoothed market
Investment rate of return.....	7.58% (net of investment expenses)
Inflation.....	3.33% compounded annually
Projection salary increase.....	Wage inflation component: 3.83%

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Changes in Other Postemployment Benefits Liability and Related Ratios
Other Postemployment Healthcare Benefits Plan
Fiscal Years Ended 2018 to 2020
(In thousands)

City Plan and Measurement Period (MP)	2018* (MP 2017)	2019 (MP 2018)	2020 (MP 2019)
Total Other Postemployment Benefits (OPEB) Liability			
Service Cost	\$ 125,195	127,850	133,736
Interest (includes interest on service cost)	272,942	290,029	283,520
Differences between expected and actual experience	—	(385,732)	194,068
Changes of assumptions	—	111,119	—
Benefits payments, including refunds of member contributions	(165,470)	(178,019)	(185,839)
Net change in total OPEB liability	232,667	(34,753)	425,485
Total OPEB liability - beginning	3,659,019	3,891,686	3,856,933
Total OPEB liability - ending	<u>\$ 3,891,686</u>	<u>3,856,933</u>	<u>4,282,418</u>
Plan fiduciary net position			
Contributions - employer	\$ 183,898	203,858	218,625
Contributions - member	31,686	41,682	51,025
Net investment income	17,368	14,105	26,959
Benefit payments, including refunds of member contributions	(165,470)	(178,019)	(185,839)
Administrative expense	(109)	(137)	(132)
Net change in plan fiduciary net position	67,373	81,489	110,638
Plan fiduciary net position - beginning	107,104	174,477	255,966
Plan fiduciary net position - ending	174,477	255,966	366,604
Net OPEB liability - ending	<u>\$ 3,717,209</u>	<u>3,600,967</u>	<u>3,915,814</u>
Plan fiduciary net position as a percentage of the total OPEB liability	4.48%	6.64%	8.56%
Covered payroll	\$ 3,393,658	3,583,448	3,763,446
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%
Water			
Proportion of net OPEB liability	\$ 166,336	150,771	163,684
Percentage of proportion of net OPEB liability	4.47%	4.19%	4.18%
Covered payroll	151,858	150,037	157,315
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%
Wastewater			
Proportion of net OPEB liability	\$ 59,517	53,567	58,183
Percentage of proportion of net OPEB liability	1.60%	1.49%	1.49%
Covered payroll	54,337	53,306	55,919
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%
Hetchy Water			
Proportion of net OPEB liability	\$ 15,872	15,404	16,350
Percentage of proportion of net OPEB liability	0.43%	0.43%	0.42%
Covered payroll	14,490	15,329	15,714
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%
Hetchy Power			
Proportion of net OPEB liability	\$ 19,400	18,826	19,983
Percentage of proportion of net OPEB liability	0.52%	0.52%	0.51%
Covered payroll	17,711	18,734	19,205
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%
CleanPowerSF			
Proportion of net OPEB liability	\$ 728	1,242	2,197
Percentage of proportion of net OPEB liability	0.02%	0.03%	0.06%
Covered payroll	665	1,236	2,112
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%
SFPUC Total			
Proportion of net OPEB liability	\$ 261,853	239,810	260,397
Percentage of proportion of net OPEB liability	7.04%	6.66%	6.66%
Covered payroll	239,061	238,643	250,265
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%

(continued)

*Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Therefore three years data is shown. RSI will be provided for 10 years as it becomes available.

^ Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is based on the percentage of proportion of net OPEB liability to the City's covered payroll.

Source: Office of the Controller, City and County of San Francisco City.

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Employer Contributions - Other Postemployment Healthcare Benefits Plan
Fiscal Years Ended 2018 to 2020
(In thousands)

City - City Plan and Measurement Period	2018* (MP 2018)	2019 (MP 2019)	2020 (MP 2020)
Charter Required or Actuarially determined contributions (ADC)	\$ 203,858	218,625	235,963
Contributions in relations to charter required contribution or ADC	<u>(203,858)</u>	<u>(218,625)</u>	<u>(235,963)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll	\$ 3,583,448	3,763,446	4,020,458
Contributions as a percentage of covered payroll	5.69%	5.81%	5.87%
Water			
Charter Required or Actuarially determined contributions (ADC)	\$ 9,122	9,154	9,863
Contributions in relations to charter required contribution or ADC	<u>(9,122)</u>	<u>(9,154)</u>	<u>(9,863)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll [^]	\$ 150,037	157,315	168,058
Contributions as a percentage of covered payroll	6.08%	5.82%	5.87%
Wastewater			
Charter Required or Actuarially determined contributions (ADC)	\$ 3,264	3,252	3,506
Contributions in relations to charter required contribution or ADC	<u>(3,264)</u>	<u>(3,252)</u>	<u>(3,506)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll [^]	\$ 53,306	55,919	59,738
Contributions as a percentage of covered payroll	6.12%	5.82%	5.87%
Hetchy Water			
Charter Required or Actuarially determined contributions (ADC)	\$ 870	935	985
Contributions in relations to charter required contribution or ADC	<u>(870)</u>	<u>(935)</u>	<u>(985)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll [^]	\$ 15,329	15,714	16,787
Contributions as a percentage of covered payroll	5.68%	5.95%	5.87%
Hetchy Power			
Charter Required or Actuarially determined contributions (ADC)	\$ 1,064	1,143	1,204
Contributions in relations to charter required contribution or ADC	<u>(1,064)</u>	<u>(1,143)</u>	<u>(1,204)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll [^]	\$ 18,734	19,205	20,517
Contributions as a percentage of covered payroll	5.68%	5.95%	5.87%
CleanPowerSF			
Charter Required or Actuarially determined contributions (ADC)	\$ 40	75	132
Contributions in relations to charter required contribution or ADC	<u>(40)</u>	<u>(75)</u>	<u>(132)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll [^]	1,236	2,112	2,256
Contributions as a percentage of covered payroll	3.24%	3.55%	5.85%
SFPUC Total			
Charter Required or Actuarially determined contributions (ADC)	\$ 14,360	14,559	15,690
Contributions in relations to charter required contribution or ADC	<u>(14,360)</u>	<u>(14,559)</u>	<u>(15,690)</u>
Contribution deficiency (excess)	\$ —	—	—
Covered payroll [^]	\$ 238,642	250,265	267,356
Contributions as a percentage of covered payroll	6.02%	5.82%	5.87%

*Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Therefore three years data is shown. RSI will be provided for 10 years as it becomes available.

[^] Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is calculated based on the percentage of proportion of net OPEB liability by the Total covered payroll. For fiscal year 2020, the percentage of proportion of net OPEB liability is based on FY2019.

Source: Office of the Controller, City and County of San Francisco City.

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year
Proprietary Funds
June 30, 2020 and 2019
(In thousands)

	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		SFPUC Total	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Assets														
Current assets:														
Cash and investments with City Treasury..... \$	45,941	11.3	142,806	68.3	1,739	2.2	2,900	1.5	58,678	230.0	–	–	252,064	27.8
Cash and investments outside City Treasury.....	99	39.0	82	29.9	–	–	1	100.0	–	–	–	–	182	34.4
Receivables:														
Charges for services (net of allowance for doubtful accounts of \$2,500, \$3,189, \$0, \$591, and \$1,810 in 2020 and \$1,733, \$2,308, \$0, \$19, and \$585 in 2019).....	4,795	8.7	(32)	(0.1)	(50)	(63.3)	(2,837)	(48.9)	(77)	(0.2)	–	–	1,799	1.4
Due from other City departments, current portion.....	(390)	(60.9)	(30)	(13.6)	104	100.0	2,057	251.8	–	–	(1,802)	(1,684.1)	(61)	(3.9)
Due from other governments.....	(88)	(79.3)	(39,043)	(100.0)	(336)	(11.5)	1,043	173.5	–	–	–	–	(38,424)	(90.1)
Interest	(1,393)	(52.7)	(471)	(32.4)	(266)	(59.2)	(772)	(57.1)	18	9.1	–	–	(2,884)	(47.3)
Restricted due from other governments.....	73,271	100.0	3,265	100.0	–	–	–	–	–	–	–	–	76,536	100.0
Restricted interest and other receivable (net of allowance for doubtful accounts of \$13, \$38, \$0, \$0 and \$0 in 2020 and \$5, \$19, \$0, \$0 and \$0 in 2019).....	(21)	(0.6)	(2,856)	(60.5)	(42)	(63.6)	(28)	(14.3)	–	–	–	–	(2,947)	(33.6)
Total current receivables.....	76,174	122.2	(39,167)	(49.4)	(590)	(16.8)	(537)	(6.1)	(59)	(0.2)	(1,802)	(1,684.1)	34,019	18.0
Prepaid charges, advances, and other receivables, current portion.....	1,396	60.5	67	52.3	50	10.8	(1,366)	(37.8)	216	8.5	–	–	363	4.0
Inventory.....	351	6.5	192	8.4	(11)	(5.6)	192	13.5	–	–	–	–	724	7.8
Restricted cash and investments outside City Treasury, current portion.....	(105,874)	(86.4)	(33,885)	(75.4)	–	–	(3,745)	(96.1)	–	–	–	–	(143,504)	(83.8)
Total current assets.....	18,087	3.0	70,095	20.9	1,188	1.5	(2,555)	(1.2)	58,835	93.3	(1,802)	(1,684.1)	143,848	11.2
Non-current assets:														
Restricted cash and investments with City Treasury.....	(2,224)	(100.0)	(428,753)	(88.6)	(2,905)	(22.9)	(11,135)	(58.0)	–	–	–	–	(445,017)	(85.9)
Restricted cash and investments outside City Treasury, less current portion.....	80,924	100.0	10,461	100.0	–	–	3,795	100.0	–	–	–	–	95,180	100.0
Restricted interest and other receivable, and prepaid (net of allowance for doubtful accounts of \$8, \$29, \$0, \$0, and \$0 in 2020 and \$9, \$31, \$0, \$0, and \$0 in 2019).....	1	33.3	14	3.1	–	–	–	–	–	–	–	–	15	3.3
Charges for services, less current portion (net of allowance for doubtful accounts of \$669, \$577 \$0, \$0, and \$0 in 2020 and \$662, \$567, \$0, \$0, and \$0 in 2019).....	15	7.9	11	3.4	–	–	–	–	–	–	–	–	26	5.0
Prepaid charges, advances, and other receivables, less current portion.....	(60)	(1.6)	(4)	(0.3)	(4)	(2.5)	(13)	(1.7)	–	–	–	–	(81)	(1.4)
Capital assets, not being depreciated and amortized.....	105,383	21.4	153,268	19.0	(13,297)	(32.5)	42,764	34.1	–	–	–	–	288,118	19.7
Capital assets, net of accumulated depreciation and amortization.....	36,504	0.7	187,216	9.8	24,976	23.1	1,137	0.4	–	–	–	–	249,833	3.5
Due from other City departments, less current portion.....	–	–	–	–	–	–	(469)	(3.7)	–	–	3,841	83.9	3,372	41.2
Total non-current assets.....	220,543	4.1	(77,787)	(2.4)	8,770	5.4	36,079	8.3	–	–	3,841	83.9	191,446	2.1
Total assets.....	238,630	4.0	(7,692)	(0.2)	9,958	4.1	33,524	5.2	58,835	93.3	2,039	43.5	335,294	3.2
Deferred outflows of resources														
Unamortized loss on refunding of debt.....	5,128	3.7	(137)	(42.0)	–	–	–	–	–	–	–	–	4,991	3.6
Pensions.....	11,619	20.9	3,536	13.2	1,503	23.3	1,837	23.3	233	68.7	–	–	18,728	19.3
Other post-employment benefits.....	14,441	109.9	5,396	115.6	989	73.6	1,209	73.7	162	150.0	–	–	22,197	106.2
Total deferred outflows of resources..... \$	31,188	15.0	8,795	27.6	2,492	32.0	3,046	32.0	395	88.4	–	–	45,916	17.8

(Continued)

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year
Proprietary Funds
June 30, 2020 and 2019
(In thousands)

	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		SFPUC Total	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Liabilities														
Current liabilities:														
Accounts payable.....	\$ (2,050)	(16.2)	1,912	10.5	358	59.7	65	0.5	5,696	35.1	–	–	5,981	9.7
Accrued payroll.....	1,548	22.3	858	18.4	243	37.7	494	27.4	41	25.8	–	–	3,184	22.4
Accrued vacation and sick leave, current portion.....	463	8.1	650	15.7	52	6.1	63	4.1	33	23.2	–	–	1,261	10.2
Accrued workers' compensation, current portion.....	(168)	(8.6)	81	7.9	–	–	1	0.3	–	–	–	–	(86)	(2.4)
Due to other City departments, current portion.....	674	100.0	3	2.8	240	100.0	231	100.0	1,809	100.0	(1,802)	(1,684.1)	1,155	100.0
Damage claims liability, current portion.....	868	22.4	1,981	28.2	204	291.4	21	3.1	50	1,666.7	–	–	3,124	26.8
Unearned revenues, refunds, and other, current portion.....	(1,921)	(9.6)	590	12.7	4	28.6	857	21.5	306	56.5	–	–	(164)	(0.6)
Bond and loan interest payable.....	4,464	11.7	(1,070)	(5.8)	–	–	(34)	(6.3)	–	–	–	–	3,360	5.9
Bonds, current portion.....	(4,790)	(4.8)	1,155	5.2	–	–	(413)	(16.3)	–	–	–	–	(4,048)	(3.3)
Capital appreciation bonds, current portion.....	(2,029)	(100.0)	–	–	–	–	–	–	–	–	–	–	(2,029)	(100.0)
Certificates of participation, current portion.....	136	5.1	36	5.1	–	–	18	4.9	–	–	–	–	190	5.0
Commercial paper.....	201,018	124.6	(83,559)	(28.7)	–	–	12,811	25.3	–	–	–	–	130,270	25.9
Wholesale balancing account, current portion.....	398	3.7	–	–	–	–	–	–	–	–	–	–	398	3.7
State revolving funds loans payable, current portion.....	–	–	1,219	98.4	–	–	–	–	–	–	–	–	1,219	98.4
Current liabilities payable from restricted assets.....	(1,964)	(6.2)	42,424	98.8	(1,058)	(24.4)	3,174	60.1	–	–	–	–	42,576	50.4
Total current liabilities.....	196,647	49.5	(33,720)	(8.1)	43	0.6	17,288	21.1	7,935	46.5	(1,802)	(1,684.1)	186,391	20.3
Long-term liabilities:														
Other post-employment benefits obligations.....	12,913	8.6	4,616	8.6	946	6.1	1,157	6.1	955	76.9	–	–	20,587	8.6
Net pension liability.....	2,704	1.5	1,198	1.4	1,087	5.3	1,329	5.3	735	68.7	–	–	7,053	2.3
Accrued vacation and sick leave, less current portion.....	1,057	24.1	987	31.6	206	38.9	251	22.6	47	68.1	–	–	2,548	27.6
Accrued workers' compensation, less current portion.....	(994)	(11.9)	56	1.1	(51)	(4.9)	(62)	(3.3)	–	–	–	–	(1,051)	(6.5)
Due to other City departments, less current portion.....	–	–	(109)	(12.9)	–	–	19	5.4	(3,731)	(100.0)	3,841	83.9	20	5.7
Damage claims liability, less current portion.....	(1,610)	(21.1)	(2,458)	(26.3)	130	84.4	148	10.8	49	1,225.0	–	–	(3,741)	(20.2)
Unearned revenues, refunds, and other, less current portion....	–	–	–	–	–	–	(1,004)	(26.5)	–	–	–	–	(1,004)	(22.8)
Bonds, less current portion.....	(108,463)	(2.3)	(32,031)	(2.0)	–	–	(2,325)	(4.6)	–	–	–	–	(142,819)	(2.2)
Certificates of participation, less current portion.....	(2,950)	(2.9)	(780)	(2.9)	–	–	(402)	(2.9)	–	–	–	–	(4,132)	(2.9)
Wholesale balancing account, less current portion.....	(370)	(0.7)	–	–	–	–	–	–	–	–	–	–	(370)	(0.7)
State revolving funds loans payable, less current portion.....	73,271	100.0	(702)	(0.8)	–	–	–	–	–	–	–	–	72,569	83.6
Pollution remediation obligations.....	(617)	(28.1)	300	4.0	–	–	–	–	–	–	–	–	(317)	(3.3)
Total long-term liabilities.....	(25,059)	(0.5)	(28,923)	(1.5)	2,318	6.1	(889)	(0.8)	(1,945)	(31.8)	3,841	83.9	(50,657)	(0.7)
Total liabilities.....	171,588	3.1	(62,643)	(2.7)	2,361	5.3	16,399	8.3	5,990	25.9	2,039	43.5	135,734	1.7
Deferred inflows of resources														
Related to pensions.....	1,564	4.7	735	4.5	461	11.9	564	11.9	1,007	496.1	–	–	4,331	7.4
Other post-employment benefits.....	(2,211)	(15.8)	(782)	(15.7)	(234)	(16.4)	(285)	(16.3)	1,096	953.0	–	–	(2,416)	(10.9)
Total deferred inflows of resources.....	(647)	(1.4)	(47)	(0.2)	227	4.3	279	4.3	2,103	661.3	–	–	1,915	2.4
Net position														
Net investment in capital assets.....	(35,601)	(6.3)	49,626	4.4	11,679	7.8	20,670	6.9	–	–	–	–	46,374	2.2
Restricted for debt service.....	(277)	(1.7)	(52)	(4.1)	–	–	(1,003)	(87.6)	–	–	–	–	(1,332)	(7.2)
Restricted for capital projects.....	43,122	100.0	(18,505)	(100.0)	(1,888)	(22.5)	–	–	–	–	–	–	22,729	84.5
Unrestricted.....	91,633	(244.3)	32,724	43.2	71	0.2	225	0.2	51,137	127.8	–	–	175,790	66.4
Total net position.....	\$ 98,877	18.2	63,793	5.2	9,862	4.9	19,892	4.5	51,137	127.8	–	–	243,561	9.9

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Schedule of Changes in Revenues, Expenses, and Net Position – Dollar and Percentage Change vs. Prior Year
Proprietary Funds
June 30, 2020 and 2019
(In thousands)

	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	\$ Change	Change	\$ Change	Change	Change	% Change	\$ Change	Change	\$ Change	% Change	Change	Change
Operating revenues:												
Charges for services.....	\$ 41,050	8.1	13,960	4.4	917	2.7	(2,729)	(1.9)	77,640	46.3	130,838	11.2
Rents and concessions.....	(886)	(6.8)	(38)	(5.4)	31	24.8	39	25.7	–	–	(854)	(6.1)
Capacity fees.....	(199)	(8.4)	(981)	(14.3)	–	–	–	–	–	–	(1,180)	(12.8)
Other revenues.....	995	5.7	106	1.8	–	–	–	–	–	–	1,101	4.8
Total operating revenues.....	40,960	7.6	13,047	3.9	948	2.8	(2,690)	(1.9)	77,640	46.3	129,905	10.7
Operating expenses:												
Personnel services.....	8,349	7.5	10,320	12.8	2,597	18.9	3,129	8.3	3,308	71.7	27,703	11.2
Contractual services.....	808	5.9	317	1.7	437	36.3	1,656	27.2	2,771	57.9	5,989	13.4
Transmission/distribution and other power costs.....	–	–	–	–	–	–	4,163	11.2	(76)	(25.7)	4,087	10.9
Purchased electricity.....	–	–	–	–	–	–	(2,769)	(27.2)	52,008	42.4	49,239	37.1
Materials and supplies.....	629	4.7	(862)	(8.7)	204	18.0	1,588	236.3	6	11.8	1,565	6.2
Depreciation and amortization.....	21,413	17.7	2,934	4.9	(104)	(1.9)	1,239	8.6	–	–	25,482	12.7
Services provided by other departments.....	1,377	2.3	680	1.9	231	14.2	(407)	(6.0)	(480)	(15.0)	1,401	1.3
General and administrative and other.....	8,447	22.3	(10,943)	(20.4)	(8,797)	(32.3)	16,840	175.5	1,205	67.4	6,752	5.2
Total operating expenses.....	41,023	11.5	2,446	0.9	(5,432)	(10.8)	25,439	20.7	58,742	42.8	122,218	13.2
Operating income (loss).....	(63)	(0.0)	10,601	14.9	6,380	39.1	(28,129)	134.8	18,898	61.9	7,687	2.6
Non-operating revenues (expenses):												
Federal and state grants.....	9	4.5	(224)	(95.3)	(125)	(4.2)	1,479	364.3	–	–	1,139	29.8
Interest and investment income.....	(5,133)	(32.8)	(8,564)	(41.4)	(738)	(27.6)	(1,137)	(16.5)	1,036	141.0	(14,536)	(31.2)
Interest expenses.....	(13,248)	(7.4)	587	1.3	–	–	196	6.7	61	46.9	(12,404)	(5.5)
Amortization of premium, discount, refunding loss, and issuance costs...	(4,036)	(22.7)	2,950	51.8	–	–	(9)	(3.8)	–	–	(1,095)	(4.6)
Net gain (loss) from sale of assets.....	61,686	2,709.1	1,025	103.9	4	100.0	359	(101.4)	–	–	63,074	6,738.7
Net gain from transfer of assets.....	–	–	(619)	(100.0)	–	–	–	–	–	–	(619)	(100.0)
Other non-operating revenues.....	640	2.1	237	4.5	969	3,341.4	12,615	120.1	1	100.0	14,462	31.6
Other Non-operating expenses.....	859	61.9	(26)	(100.0)	(11)	(100.0)	(49)	(4.8)	–	–	773	31.9
Net non-operating revenues (expenses).....	40,777	35.9	(4,634)	(37.8)	99	1.7	13,454	98.0	1,098	181.5	50,794	48.0
Change in net position before transfers.....	40,714	56.7	5,967	10.1	6,479	61.0	(14,675)	(42.4)	19,996	64.2	58,481	31.5
Transfers from the City and County of San Francisco.....	20	1.7	280	100.0	(6,000)	(30.0)	(4,522)	(100.0)	–	–	(10,222)	(39.7)
Transfers to the City and County of San Francisco.....	5,529	27.2	2,528	63.3	–	–	–	–	–	–	8,057	33.1
Net transfers.....	5,549	29.0	2,808	70.3	(6,000)	(30.0)	(4,522)	100.7	–	–	(2,165)	159.2
Change in net position.....	46,263	87.9	8,775	15.9	479	5.1	(19,197)	(49.1)	19,996	64.2	56,316	30.1
Net position at beginning of year.....	52,614	10.7	55,018	4.7	9,383	4.9	39,089	9.6	31,141	351.5	187,245	8.2
Net position at end of year.....	\$ 98,877	18.2	63,793	5.2	9,862	4.9	19,892	4.5	51,137	127.8	243,561	9.9

See accompanying auditors' report.



Transmission tower, power lines at Don Pedro Reservoir



Statistical Section

(Unaudited)

Financial Trends

These schedules contain trend information to help understand how SFPUC's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess SFPUC's revenues sources and rate structures.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the SFPUC's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic & Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which SFPUC's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to enhance the reader's ability to understand how the information in the SFPUC financial report relates to the services it provides and the activities it performs.



Photo by: Robin Scheswohl

Auxiliary Water Supply System (AWSS) Pump Station #2 and the bay



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Financial Trends

Comparative Highlights of Revenues & Expenses

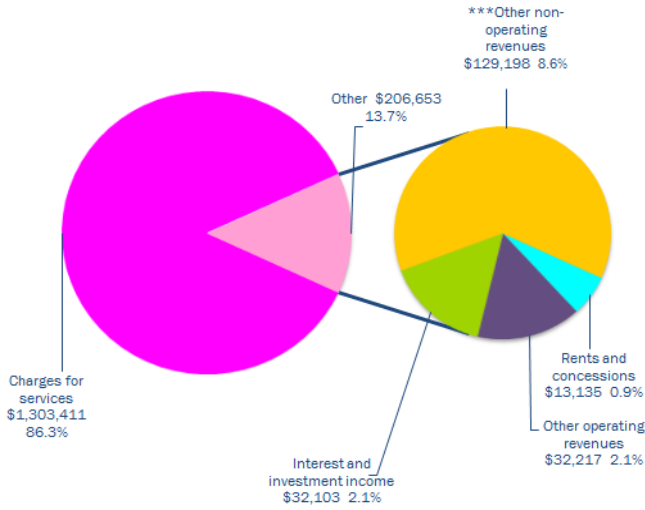
Changes in Net Position

Summary of Net Position by Component

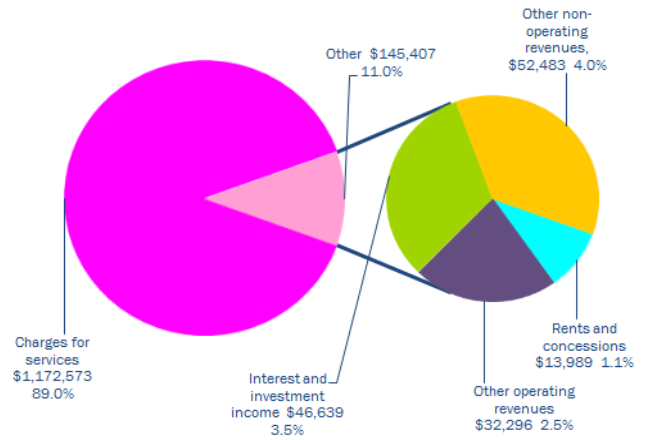
Investments in Capital Assets

Financial Trends
Department-wide
Comparative Highlights of Revenues & Expenses
Fiscal Years Ended 2020 and 2019
(Dollars in Thousands)

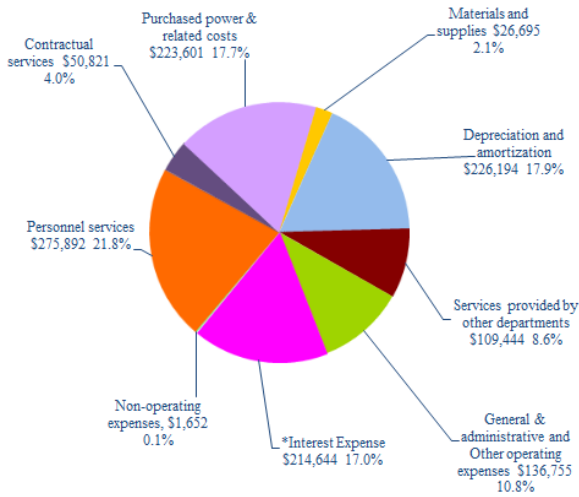
2020 Revenues - \$1,510,064



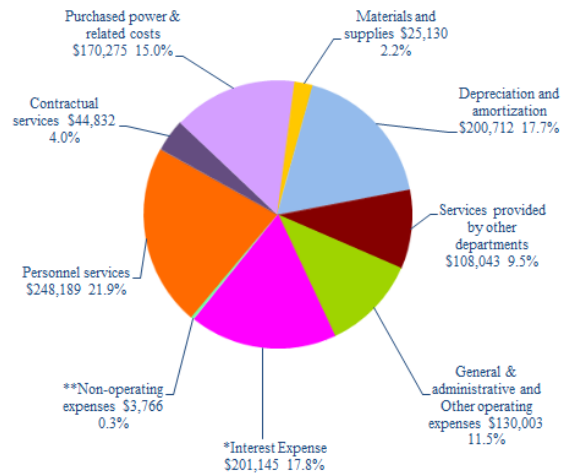
2019 Revenues - \$1,317,980



2020 Expenses - \$1,265,698



2019 Expenses - \$1,132,095

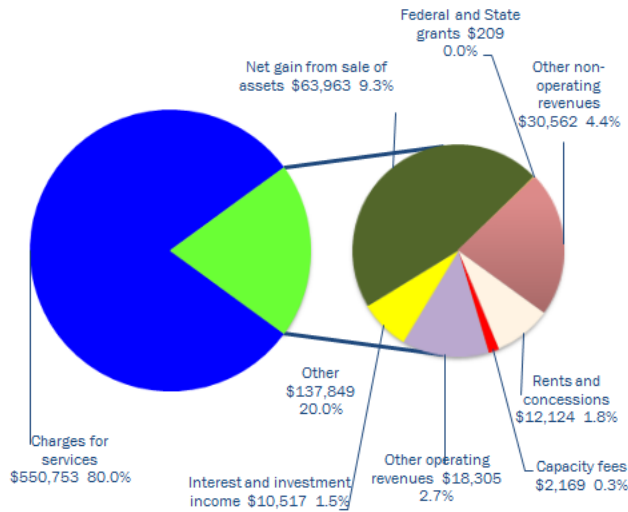


* Interest expenses are net of amortization of premium, discount, refunding loss, and issuance costs.
 ** Other non-operating expenses for fiscal year 2019 included net loss from sale of assets.
 ***Other non-operating revenues for fiscal year 2020 included net gain from sale of assets

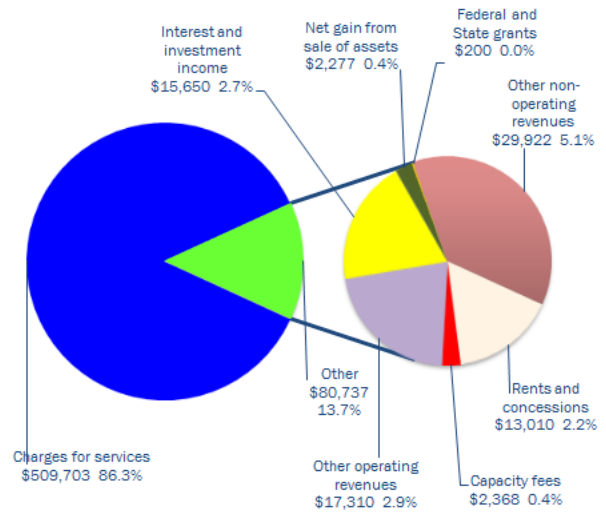
Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Financial Trends
Water Fund
Comparative Highlights of Revenues & Expenses
Fiscal Years Ended 2020 and 2019
(Dollars in Thousands)

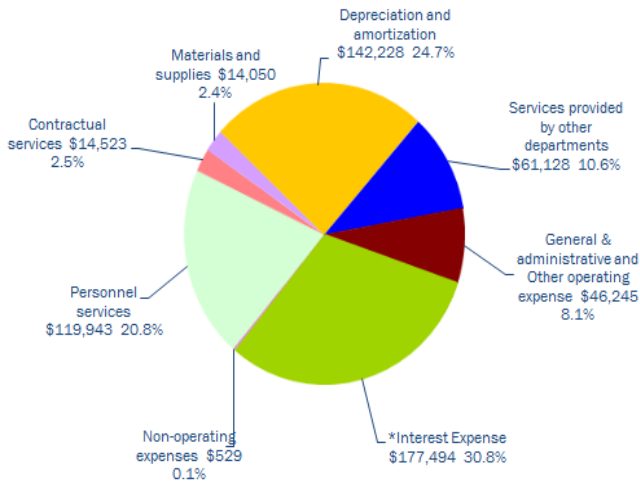
2020 Revenues - \$688,602



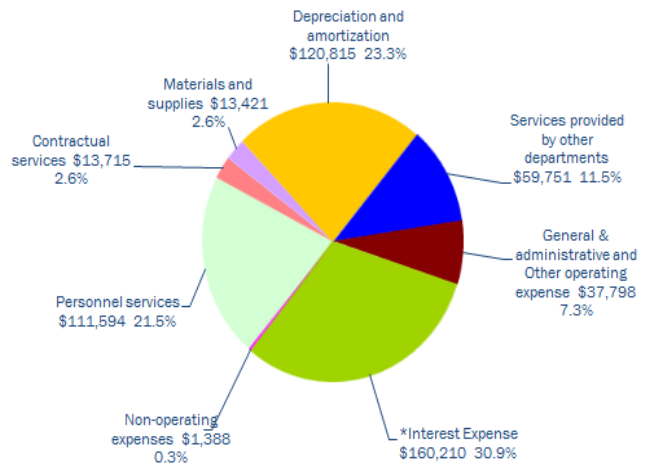
2019 Revenues - \$590,440



2020 Expenses - \$576,140



2019 Expenses - \$518,692

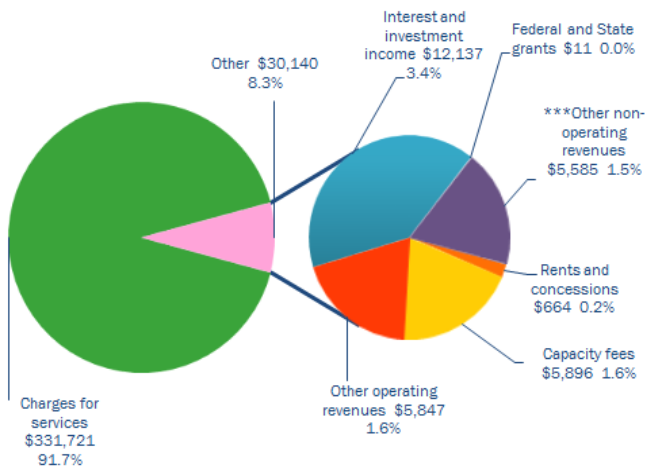


* Interest expenses are net of amortization of premium, discount, refunding loss, and issuance costs.

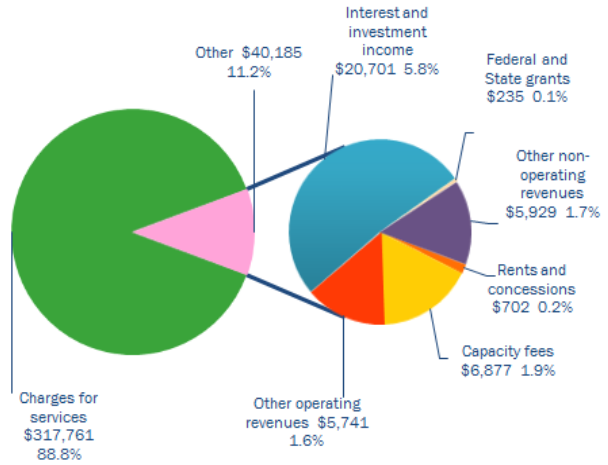
Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

**Financial Trends
Wastewater Fund
Comparative Highlights of Revenues & Expenses
Fiscal Years Ended 2020 and 2019
(Dollars in Thousands)**

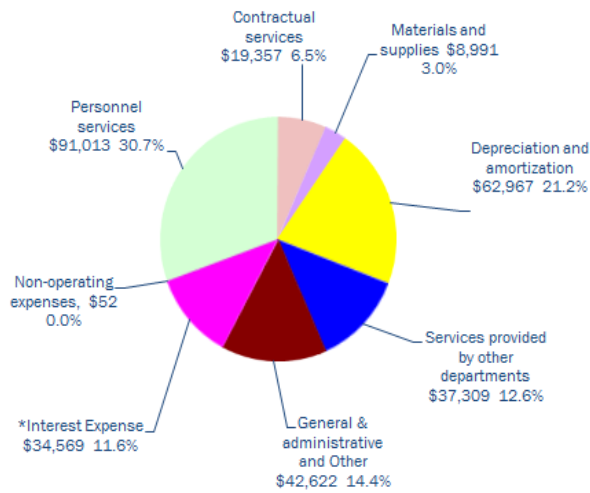
2020 Revenues - \$361,861



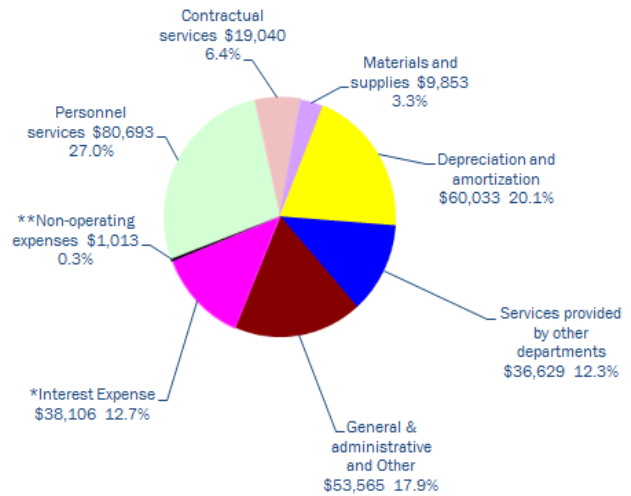
2019 Revenues - \$357,946



2020 Expenses - \$296,880



2019 Expenses - \$298,932

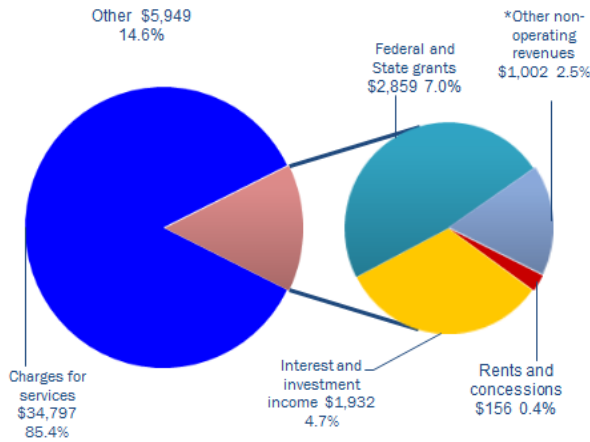


* Interest expenses are net of amortization of premium, refunding loss, and issuance costs.
 ** Other non-operating expenses for fiscal year 2019 included net loss from sale of assets.
 *** Other non-operating revenues for fiscal year 2020 included net gain from sale of assets.

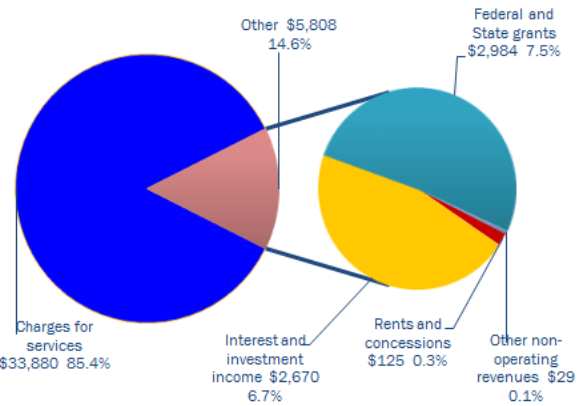
Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Financial Trends
Hetchy Water Fund
Comparative Highlights of Revenues & Expenses
Fiscal Years Ended 2020 and 2019
(Dollars in Thousands)

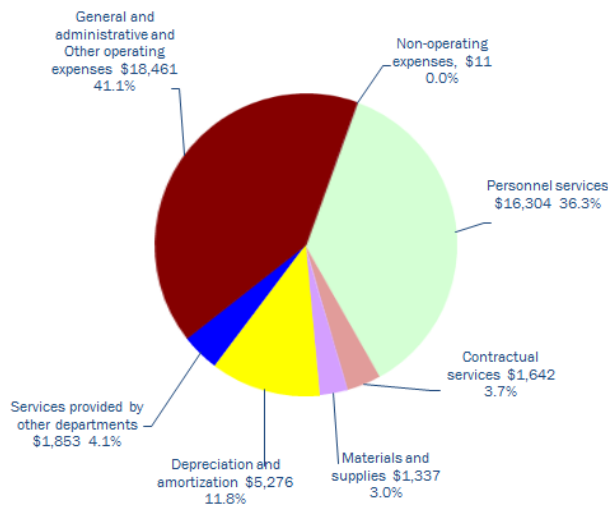
2020 Revenues - \$40,746



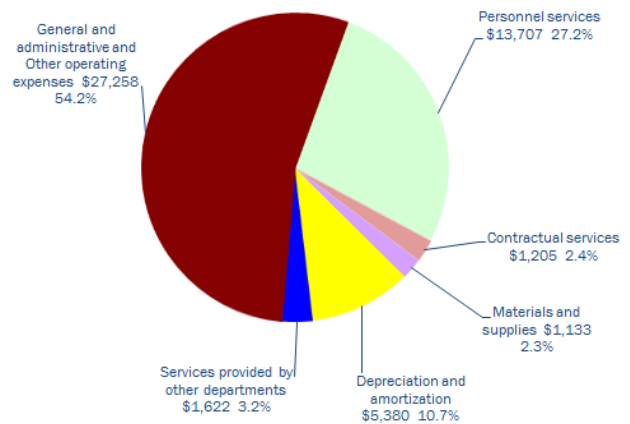
2019 Revenues - \$39,688



2020 Expenses - \$44,884



2019 Expenses - \$50,305

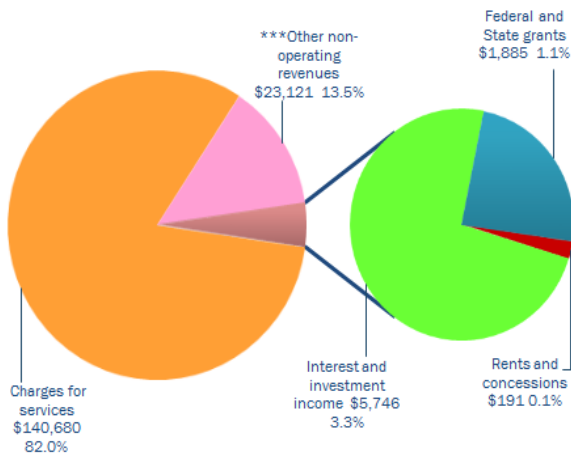


* Other non-operating revenues for fiscal year 2020 included net gain from sale of assets

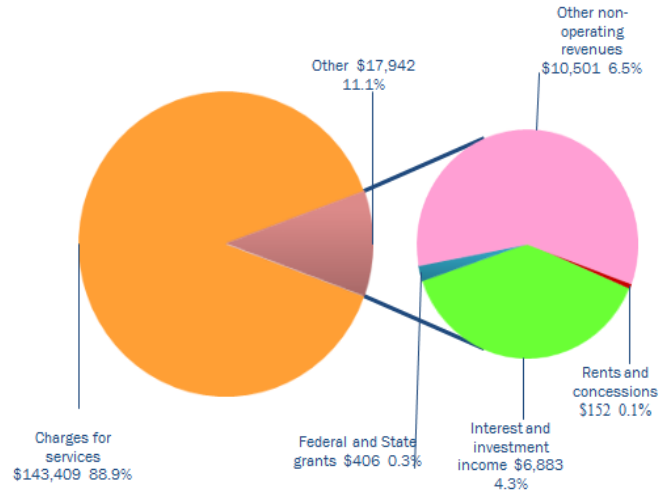
Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Financial Trends
Hetchy Power Fund
Comparative Highlights of Revenues & Expenses
Fiscal Years Ended 2020 and 2019
(Dollars in Thousands)

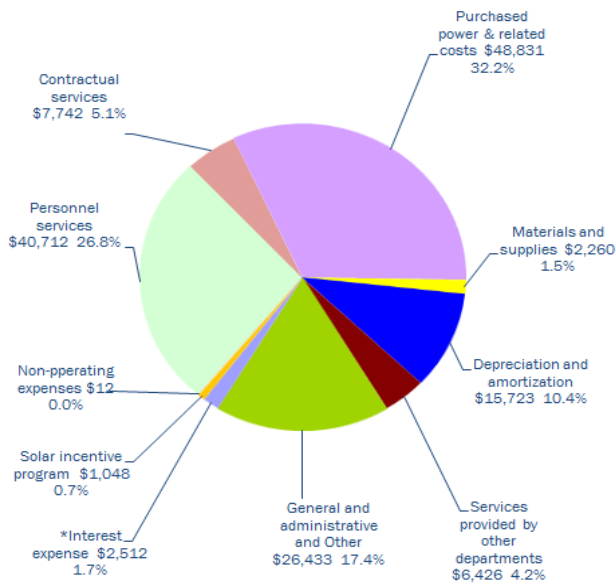
2020 Revenues - \$171,623



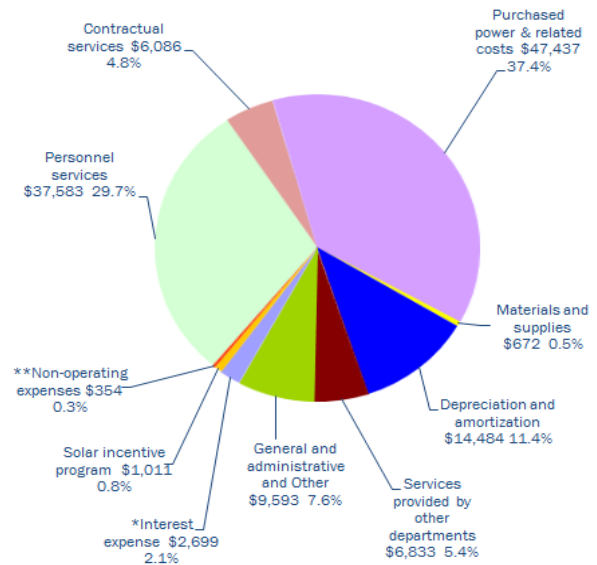
2019 Revenues - \$161,351



2020 Expenses - \$151,699



2019 Expenses - \$126,752

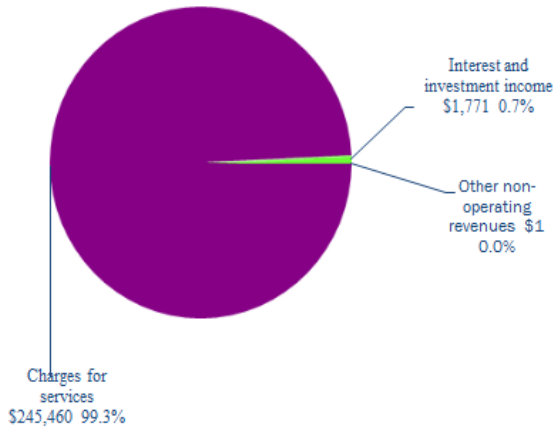


* Interest expenses are net of amortization of premium, discount, and issuance costs.
 ** Other non-operating expenses for fiscal year 2019 included net loss from sale of assets.
 *** Other non-operating revenues for fiscal year 2020 included net gain from sale of assets

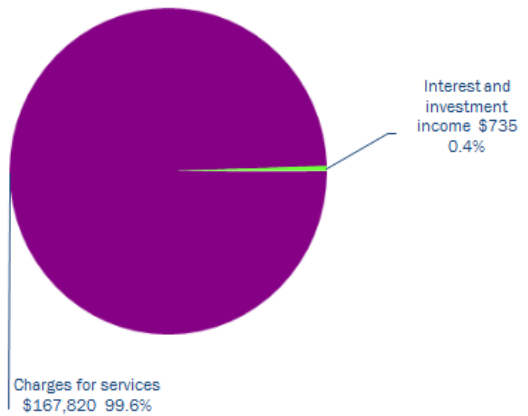
Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Financial Trends
 CleanPowerSF
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2020 and 2019
 (Dollars in Thousands)

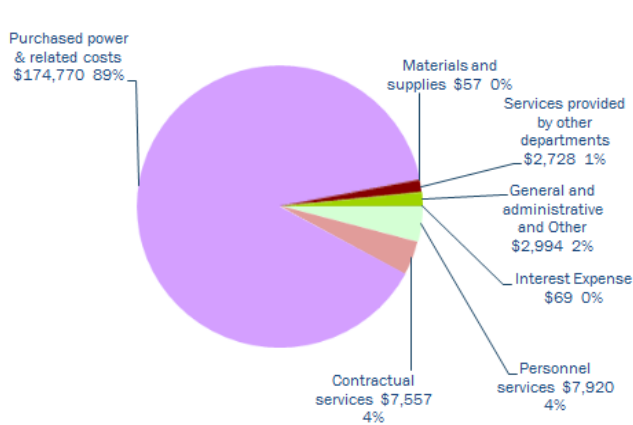
2020 Revenues - \$247,232



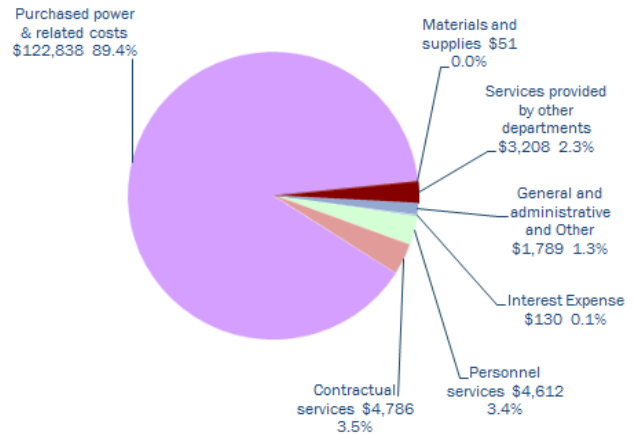
2019 Revenues - \$168,555



2020 Expenses - \$196,095



2019 Expenses - \$137,414



Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Financial Trends
Department-wide - Changes in Net Position
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

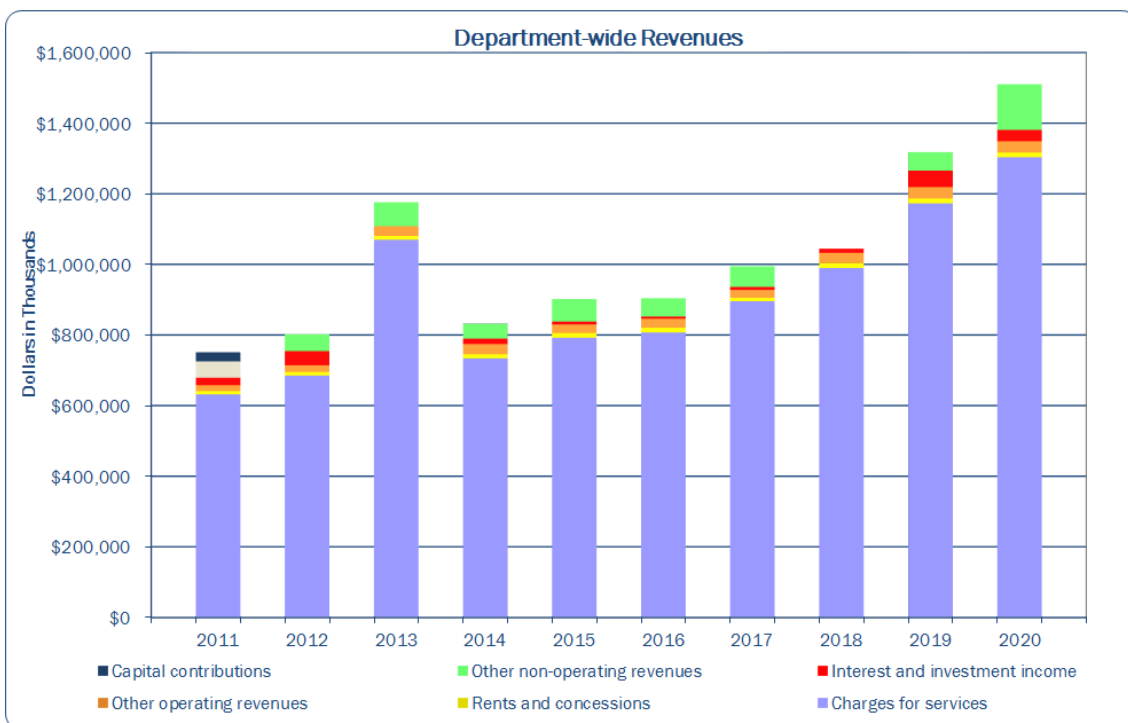
Revenues:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services	\$ 631,753	684,863	1,069,674	733,746	792,199	807,259	895,472	989,842	1,172,573	1,303,411
Rents and concessions	9,643	10,447	10,736	11,727	13,336	13,096	9,734	13,813	13,989	13,135
Other operating revenues	16,250	19,061	27,541	28,944	24,317	25,672	22,445	29,043	32,296	32,217
Subtotal operating revenues	657,646	714,371	1,107,951	774,417	829,852	846,027	927,651	1,032,698	1,218,858	1,348,763
Interest and investment income	21,395	39,888	38	15,083	8,175	6,060	8,511	11,694	46,639	32,103
Other non-operating revenues	45,957	47,729	67,989	41,946	63,430	51,972	58,422	55,705	52,483	129,198
Capital contributions	26,154 *	-	-	678 **	-	-	-	-	-	-
Subtotal non-operating revenues	93,506	87,617	68,027	57,707	71,605	58,032	66,933	67,399	99,122	161,301
Total revenues	\$ 751,152	801,988	1,175,978	832,124	901,457	904,059	994,584	1,100,097	1,317,980	1,510,064

(Continued)

* Include transfers of \$6,510 in inventory and \$11,747 in capital assets for the auxiliary water supply system (AWSS) from the Fire Department. Include net transfers of \$7,897 in cash for the AWSS from the City and County of San Francisco.

** Include transfer of \$678 in capital asset from the Department of Emergency Management.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 Department-wide - Changes in Net Position
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

Expenses:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel services	\$ 224,794	241,621	249,927	252,068	220,385	227,930	365,494	271,888	248,189	275,892
Contractual services	35,334	33,911	32,082	30,133	35,216	34,915	31,563	39,408	44,832	50,821
Purchased power & related costs	19,269	21,539	20,891	26,215	20,296	26,792	43,407	64,732	170,275	223,601
Materials and supplies	24,884	23,963	26,557	26,411	24,842	26,128	23,972	28,024	25,130	26,695
Depreciation and amortization	114,676	123,249	137,252	152,742	163,525	173,978	191,997	193,457	200,712	226,194
Services provided by other departments	84,422	88,511	98,533	96,918	104,535	106,476	105,417	102,199	108,043	109,444
General and administrative and Other operating expenses	56,352	98,235	74,917	101,473	88,559	88,615	98,327	106,960	130,003	136,755
Subtotal operating expenses	559,731	631,029	640,159	685,960	657,358	684,834	860,177	806,668	927,184	1,049,402
Interest expenses	123,982	150,217	169,105	165,345	161,712	178,864	179,819	192,183	224,867	237,271
Amortization of premium, discount, refunding loss, and issuance costs	-	9,339	(5,607)	(13,908)	(10,554)	(11,950)	(15,090)	(19,188)	(23,722)	(22,627)
Non-operating expenses	6,892	7,908	5,986	5,206	7,916	4,439	4,466	4,129	3,766 ^{AA}	1,652
Subtotal non-operating expenses	130,874	167,464	169,484	156,643	159,074	171,353	169,195	177,124	204,911	216,296
Total expenses	690,605	798,493	809,643	842,603	816,432	856,187	1,029,372	983,792	1,132,095	1,265,698
Change in net position before transfers and extraordinary item	60,547	3,495	366,335	(10,479)	85,025	47,872	(34,788)	116,305	185,885	244,366
Transfers in (out)	(4,490)	485	64,176 [#]	386	52,806	17,899	(30,644)	(28,371)	1,360	(805)
Extraordinary item: Rim fire - loss	-	-	-	(6,843)	-	-	-	-	-	-
Change in net position	56,057	3,980	430,511	(16,936)	137,831	65,771	(65,432)	87,934	187,245	243,561
Net position at beginning of year										
Beginning of year, as previously reported	1,897,390	1,953,447	1,971,500	2,366,565	2,349,629	2,225,451	2,292,646	2,225,790	2,270,925	2,458,170
Cumulative effect of accounting change due to error	-	-	-	-	-	-	-	(6,767) [*]	-	-
Cumulative effect of accounting change	-	(21,373) [^]	(35,446) [^]	-	(262,009) [~]	-	-	(36,032) [△]	-	-
Less: CleanPowerSF beginning net position	-	-	-	-	-	-	(1,424)	-	-	-
Beginning of year as restated	1,897,390	1,932,074	1,936,054	2,366,565	2,087,620	2,225,451	2,291,222	2,182,991	2,270,925	2,458,170
Net position at end of year	\$ 1,953,447	1,936,054	2,366,565	2,349,629	2,225,451	2,291,222	2,225,790	2,270,925	2,458,170	2,701,731

Include transfer in of \$63,075 from the Department of Public Works related to the improvement of the AWSS Earthquake Safety and Emergency Response project.

^ The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.

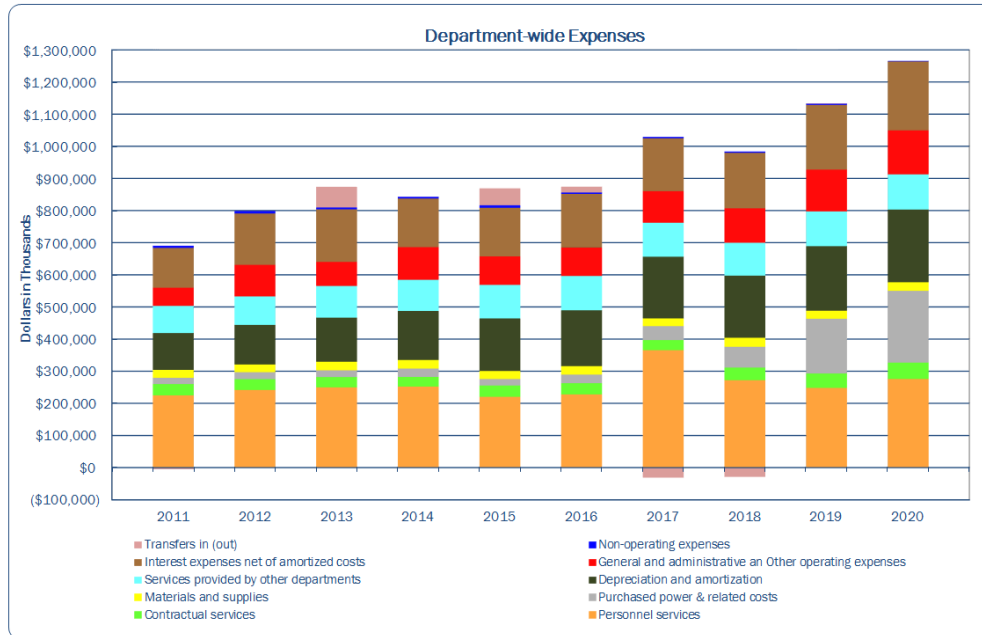
^^ Non-operating expense includes net loss from sales of assets.

~ The beginning net position for fiscal year 2015 has been restated for the retrospective application of GASB Statement No. 68.

* The Wastewater Enterprise recorded certain immaterial corrections to the 2018 financial statement to eliminate the recognition of certain capital assets that are recorded by another fund. The impact of the change was to decrease beginning position as of July 2017 by \$6,767 and increase fiscal year 2018 expenses by \$28,313.

△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
Water - Changes in Net Position
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Revenues:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services	\$ 271,387	324,169	700,513 [^]	354,827	400,023	393,582	438,207	495,138	509,703	550,753
Rents and concessions	9,388	9,398	9,599	10,675	12,284	12,081	8,813	12,906	13,010	12,124
Other operating revenues	7,620	8,534	11,358	14,380	13,740	13,853	13,311	17,595	19,678	20,474
Subtotal operating revenues	288,395	342,101	721,470	379,882	426,047	419,516	460,331	525,639	542,391	583,351
Interest and investment income	17,283	33,450	(281)	10,907	5,789	3,595	4,331	6,448	15,650	10,517
Other non-operating revenues	31,499	34,180	37,921	29,197	47,314	31,253	37,405	39,064	32,399	94,734
Capital contributions	26,154 [*]	-	-	310 ^{**}	-	-	-	-	-	-
Subtotal non-operating revenues	74,936	67,630	37,640	40,414	53,103	34,848	41,736	45,512	48,049	105,251
Total revenues	\$ 363,331	409,731	759,110	420,296	479,150	454,364	502,067	571,151	590,440	688,602

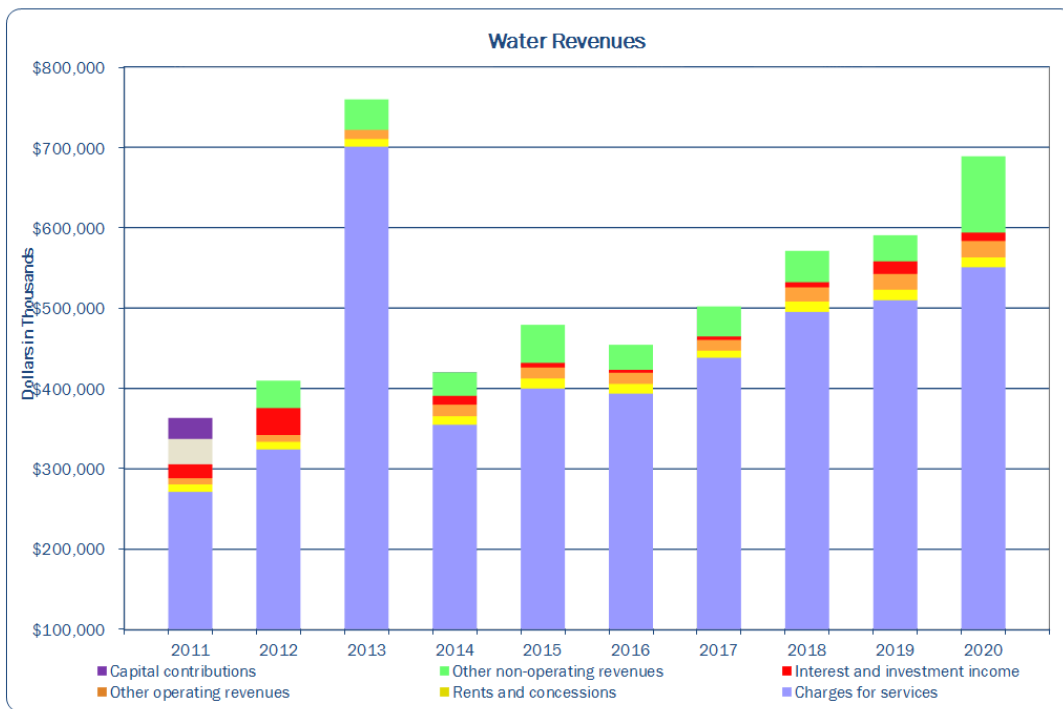
(Continued)

* Include transfers of \$6,510 in inventory and \$11,747 in capital assets for the AWSS from the Fire Department. Include net transfers of \$7,897 in cash for the AWSS from the City and County of San Francisco.

** Include transfer of \$310 in capital asset from the Department of Emergency Management.

[^] Include a one-time early repayment of \$356,139 from BAWSCA for capital costs recovery.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

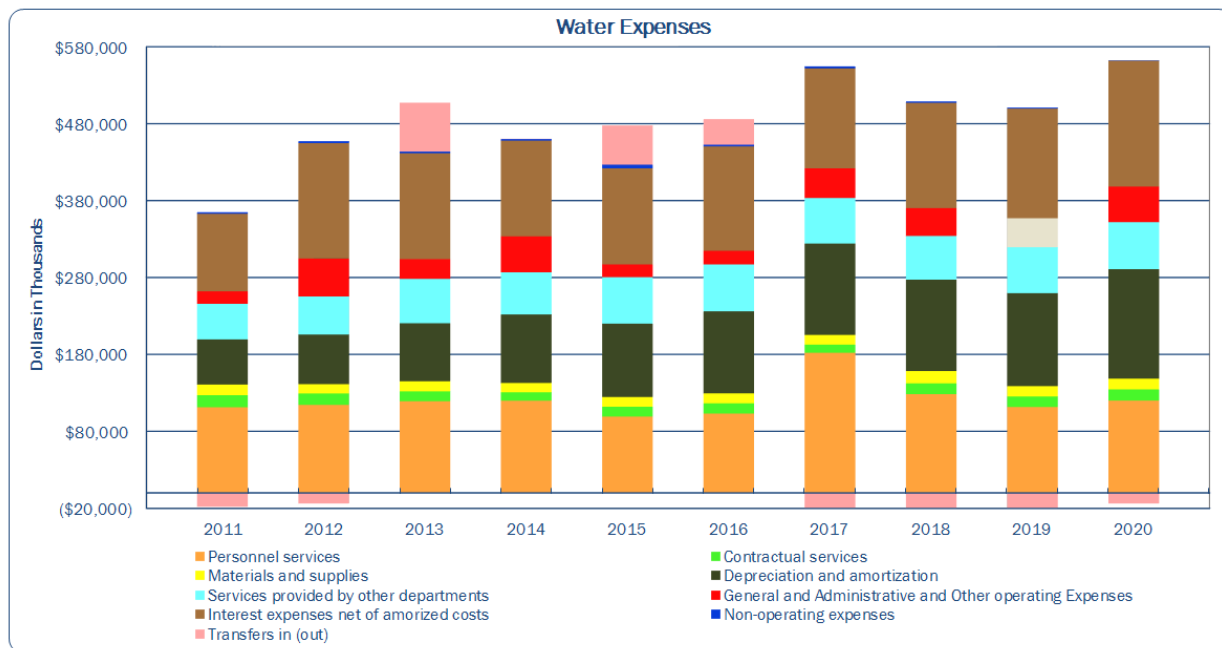


Financial Trends
Water - Changes in Net Position
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Expenses:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel services	\$ 111,363	114,337	119,151	119,849	99,192	103,027	182,034	128,295	111,594	119,943
Contractual services	15,586	14,838	12,819	10,921	12,729	13,451	10,664	14,131	13,715	14,523
Materials and supplies	13,839	12,140	13,074	12,154	12,667	12,896	12,564	15,936	13,421	14,050
Depreciation and amortization	58,752	64,595	75,448	89,026	95,384	106,666	118,826	118,751	120,815	142,228
Services provided by other departments	46,308	49,395	57,684	54,856	60,365	60,868	59,173	56,860	59,751	61,128
General and administrative and										
Other operating expenses	16,079	49,257*	25,563	46,749	16,613	17,878	38,566	36,174	37,798	46,245
Subtotal operating expenses	261,927	304,562	303,739	333,555	296,950	314,786	421,827	370,147	357,094	398,117
Interest expenses	100,875	131,334	147,741	136,645	137,106	153,258	148,075	164,001	177,998	191,246
Amortization of premium, discount, refunding loss, and issuance costs	-	9,363	(5,002)	(6,169)	(6,100)	(8,849)	(9,029)	(13,540)	(17,788)	(13,752)
Non-operating expenses	2,121	2,661	2,327	2,089	4,829	2,210	2,607	1,920	1,388	529
Subtotal non-operating expenses	102,996	143,358	145,066	132,565	135,835	146,619	141,653	152,381	161,598	178,023
Total expenses	364,923	447,920	448,805	466,120	432,785	461,405	563,480	522,528	518,692	576,140
Change in net position before transfers	(1,592)	(38,189)	310,305	(45,824)	46,365	(7,041)	(61,413)	48,623	71,748	112,462
Transfers in (out)	(17,834)	(13,585)	63,484#	405	50,995	33,244	(59,988)	(30,986)	(19,134)	(13,585)
Change in net position	(19,426)	(51,774)	373,789	(45,419)	97,360	26,203	(121,401)	17,637	52,614	98,877
Net position at beginning of year										
Beginning of year, as previously reported	415,684	396,258	358,495	699,631	654,212	596,465	622,668	501,267	489,524	542,138
Cumulative effect of accounting change	-	(18,642)~	(32,653)~	-	(155,107)**	-	-	(29,380)	-	-
Beginning of year as restated	415,684	377,616	325,842	699,631	499,105	596,465	622,668	471,887	489,524	542,138
Net Position at end of year	\$ 396,258	325,842	699,631	654,212	596,465	622,668	501,267	489,524	542,138	641,015

* Increase in other operating expenses due to construction contract expenses net of capitalization for higher construction activities.
Include transfer in of \$63,075 from the Department of Public Works related to the improvement of the AWSS Earthquake Safety and Emergency Response project.
~ The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.
** The beginning net position for fiscal year 2015 has been restated for the retrospective application of GASB Statement No. 68.
△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



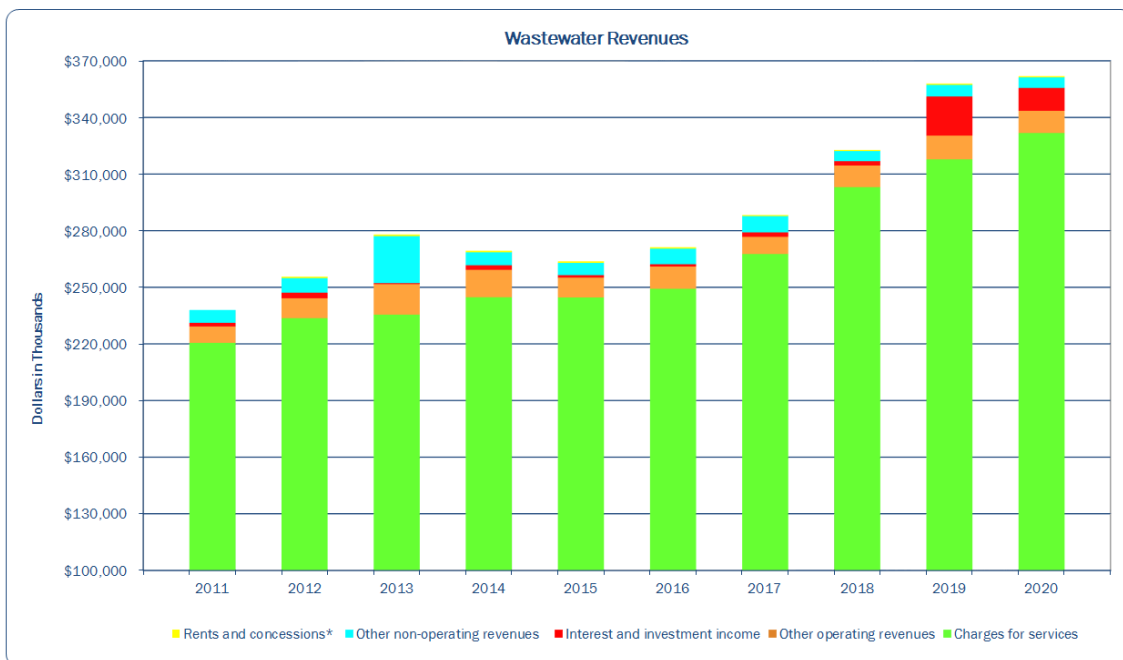
Financial Trends
 Wastewater - Changes in Net Position
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

Revenues:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services	\$ 220,586	233,628	235,479	244,705	244,604	249,203	267,601	303,037	317,761	331,721
Rents and concessions*	—	806	892	828	821	753	606	611	702	664
Other operating revenues	8,630	10,527	16,183	14,564	10,577	11,819	9,134	11,448	12,618	11,743
Subtotal operating revenues	229,216	244,961	252,554	260,097	256,002	261,775	277,341	315,096	331,081	344,128
Interest and investment income	1,927	2,975	524	2,400	1,207	1,185	2,327	2,317	20,701	12,137
Other non-operating revenues	6,841	7,692	24,886	6,882	6,564	8,263	8,633	5,330	6,164	5,596
Subtotal non-operating revenues	8,768	10,667	25,410	9,282	7,771	9,448	10,960	7,647	26,865	17,733
Total revenues	\$ 237,984	255,628	277,964	269,379	263,773	271,223	288,301	322,743	357,946	361,861

(Continued)

* Beginning fiscal year 2012, the amounts for rents and concessions are reclassified from other operating revenues.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 Wastewater - Changes in Net Position
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

Expenses:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel services	\$ 73,630	82,709	84,155	85,114	76,396	79,088	115,288	91,977	80,693	91,013
Contractual services	12,577	13,257	13,418	14,314	13,841	15,069	13,825	16,061	19,040	19,357
Materials and supplies	8,338	8,921	10,481	10,830	9,815	10,192	8,736	9,446	9,853	8,991
Depreciation and amortization	42,217	44,799	46,347	48,402	50,254	50,799	55,441	55,591	60,033	62,967
Services provided by other departments	32,689	33,292	34,141	35,274	36,212	36,157	36,832	36,374	36,629	37,309
General and administrative and Other operating expenses	9,633 *	12,879 *	19,718	22,406	29,967	30,248	14,098	29,457	53,565	42,622
Subtotal operating expenses	179,084	195,857	208,260	216,340	216,485	221,553	244,220	238,906	259,813	262,259
Interest expenses	22,545	18,798	19,723	27,126	22,791	22,251	28,474	24,978	43,803	43,216
Amortization of premium, refunding loss, and issuance costs	-	(62)	(612)	(7,711)	(5,347)	(2,979)	(5,806)	(5,400)	(5,697)	(8,647)
Non-operating expenses	300	1,962	566	533	280	485	383	414	1,013 ^^	52
Subtotal non-operating expenses	22,845	20,698	19,677	19,948	17,724	19,757	23,051	19,992	39,119	34,621
Total expenses	201,929	216,555	227,937	236,288	234,209	241,310	267,271	258,898	298,932	296,880
Change in net position before transfers	36,055	39,073	50,027	33,091	29,564	29,913	21,030	63,845	59,014	64,981
Transfers in (out)	(110)	(1)	888	19	(232)	(16,025)	(30,707)	(26,960)	(3,996)	(1,188)
Change in net position	35,945	39,072	50,915	33,110	29,332	13,888	(9,677)	36,885	55,018	63,793
Net position at beginning of year										
Beginning of year, as previously reported	1,025,336	1,061,281	1,100,353	1,148,757	1,181,867	1,142,052	1,155,940	1,146,263	1,174,125	1,229,143
Cumulative effect of accounting change due to error	-	-	-	-	-	-	-	(6,767) **	-	-
Cumulative effect of accounting change	-	(2,511) ^	(2,511) ^	-	(69,147) ~	-	-	(2,256) △	-	-
Beginning of year as restated	1,025,336	1,058,770	1,097,842	1,148,757	1,112,720	1,142,052	1,155,940	1,137,240	1,174,125	1,229,143
Net Position at end of year	\$ 1,061,281	1,097,842	1,148,757	1,181,867	1,142,052	1,155,940	1,146,263	1,174,125	1,229,143	1,292,936

* The decrease in fiscal year ended 2011 was due to lower damage claims expenses, and the increase in fiscal year ended 2012 was mainly due to the estimated judgment and claims liability cost.

** The Wastewater Enterprise recorded certain immaterial corrections to the 2018 financial statement to eliminate the recognition of certain capital assets that are recorded by another fund. The impact of the change was to decrease beginning position as of July 2017 by \$6,767 and increase fiscal year 2018 expenses by \$28,313.

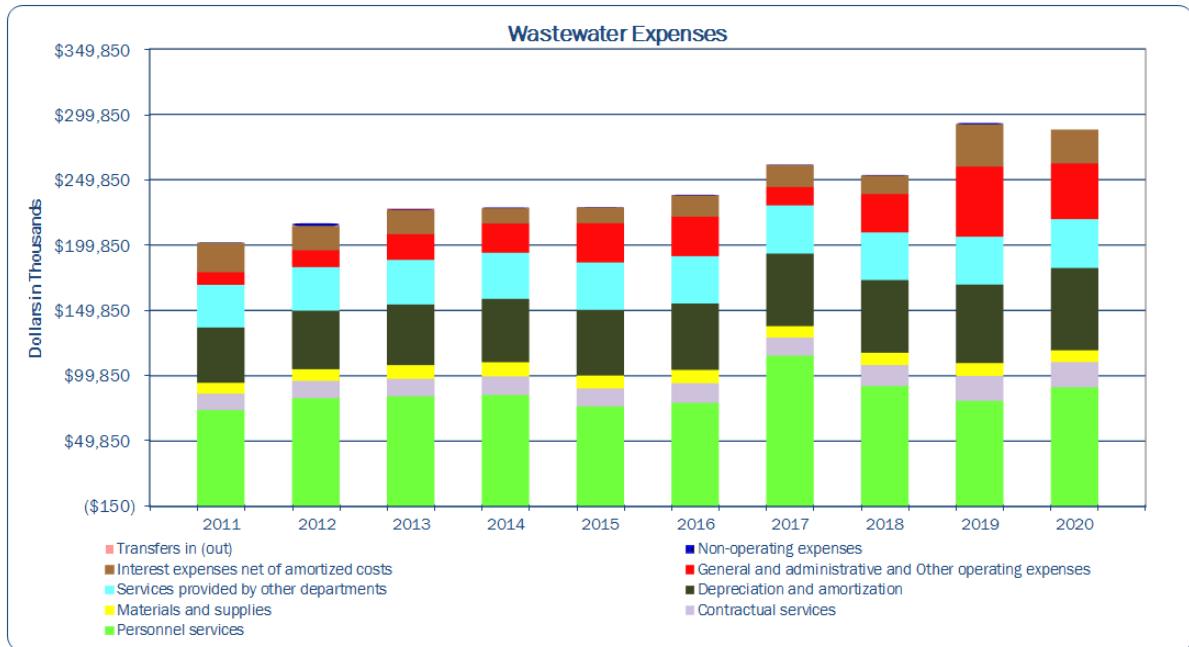
^ The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.

^^ Non-operating expense includes net loss/gain from sales of assets.

~ The beginning net position for fiscal year 2015 has been restated for the retrospective application of GASB Statement No. 68.

△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



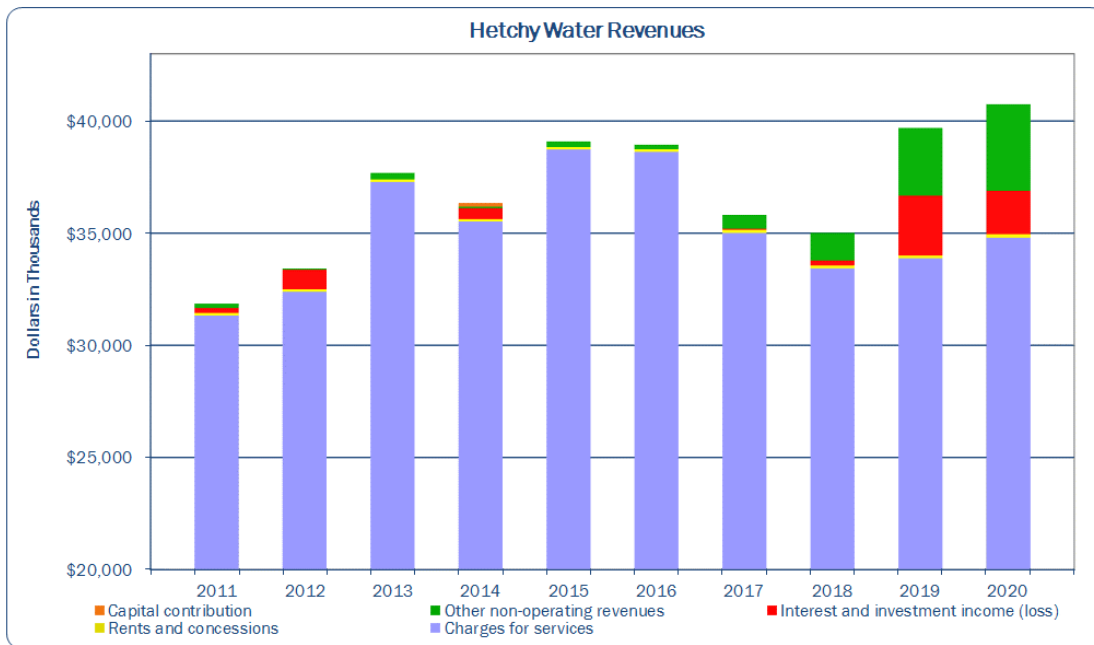
Financial Trends
Hetchy Water - Changes in Net Position
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Revenues:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services	\$ 31,326	32,386	37,284	35,521	38,731	38,624	35,008	33,427	33,880	34,797
Rents and concessions	115	109	110	101	104	118	142	133	125	156
Subtotal operating revenues	31,441	32,495	37,394	35,622	38,835	38,742	35,150	33,560	34,005	34,953
Interest and investment income (loss)	220	874	(344)	487	(74)	(38)	46	218	2,670	1,932
Other non-operating revenues	193	57	290	69	250	200	616	1,237	3,013	3,861
Capital contribution	-	-	-	166*	-	-	-	-	-	-
Subtotal non-operating revenues	413	931	(54)	722	176	162	662	1,455	5,683	5,793
Total revenues	\$ 31,854	33,426	37,340	36,344	39,011	38,904	35,812	35,015	39,688	40,746

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* Include transfer of \$166 in capital asset from the Department of Emergency Management.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

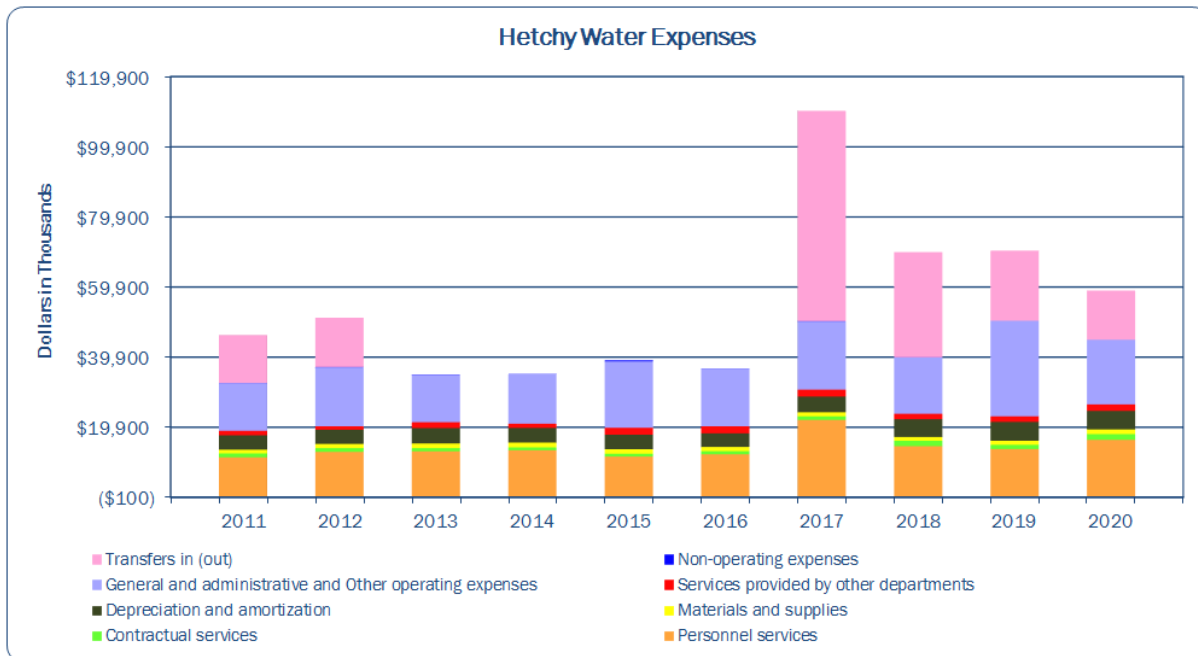


Financial Trends
Hetchy Water - Changes in Net Position
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Expenses:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel services	\$ 11,327	12,856	13,057	13,343	11,557	12,183	21,998	14,516	13,707	16,304
Contractual services	1,108	1,090	889	835	794	902	1,017	1,524	1,205	1,642
Materials and supplies	1,069	1,208	1,331	1,352	1,321	1,191	1,161	1,101	1,133	1,337
Depreciation and amortization	4,125	4,059	4,378	4,186	4,102	3,874	4,505	5,066	5,380	5,276
Services provided by other departments	1,261	984	1,706	1,211	1,979	2,054	1,962	1,572	1,622	1,853
General and administrative and Other operating expenses	13,589	16,806	13,540	14,098	18,948	16,332	19,456	16,013	27,258	18,461
Subtotal operating expenses	32,479	37,003	34,901	35,025	38,701	36,536	50,099	39,792	50,305	44,873
Non-operating expenses	68	68	68	99	313	68	68	68	-	11
Total expenses	32,547	37,071	34,969	35,124	39,014	36,604	50,167	39,860	50,305	44,884
Change in net position before transfers and extraordinary item	(693)	(3,645)	2,371	1,220	(3)	2,300	(14,355)	(4,845)	(10,617)	(4,138)
Transfers in (out)	13,638	14,073	-	-	-	-	60,000	30,000	20,000	14,000
Extraordinary item:										
Rim fire - loss	-	-	-	(2,709)	-	-	-	-	-	-
Change in net position	12,945	10,428	2,371	(1,489)	(3)	2,300	45,645	25,155	9,383	9,862
Net position at beginning of year										
Beginning of year, as previously reported	113,149	126,094	136,522	138,893	137,404	120,411	122,711	168,356	191,790	201,173
Cumulative effect of accounting change	-	-	-	-	(16,990) [#]	-	-	(1,721) [△]	-	-
Beginning of year as restated	113,149	126,094	136,522	138,893	120,414	120,411	122,711	166,635	191,790	201,173
Net position at end of year	\$ 126,094	136,522	138,893	137,404	120,411	122,711	168,356	191,790	201,173	211,035

The beginning net position for fiscal year 2015 has been restated for the retrospective application of GASB Statement No. 68.
 △ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



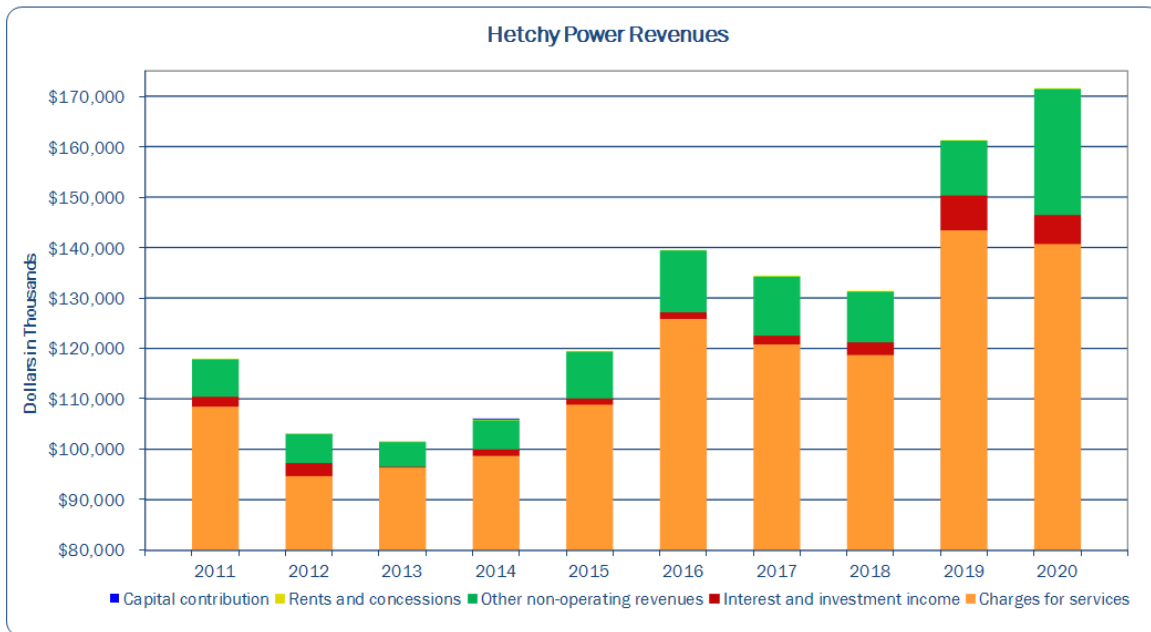
Financial Trends
Hetchy Power - Changes in Net Position
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Revenues:		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services	\$	108,454	94,680	96,398	98,693	108,841	125,850	120,789	118,672	143,409	140,680
Rents and concessions		140	134	135	123	127	144	173	163	152	191
Subtotal operating revenues		108,594	94,814	96,533	98,816	108,968	125,994	120,962	118,835	143,561	140,871
Interest and investment income		1,965	2,589	139	1,289	1,253	1,318	1,718	2,537	6,883	5,746
Other non-operating revenues		7,424	5,800	4,892	5,798	9,302	12,256	11,764	10,073	10,907	25,006
Capital contribution		-	-	-	202*	-	-	-	-	-	-
Subtotal non-operating revenues		9,389	8,389	5,031	7,289	10,555	13,574	13,482	12,610	17,790	30,752
Total revenues	\$	117,983	103,203	101,564	106,105	119,523	139,568	134,444	131,445	161,351	171,623

(Continued)

* Include transfer of \$202 in capital asset from the Department of Emergency Management.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 Hetchy Power - Changes in Net Position
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

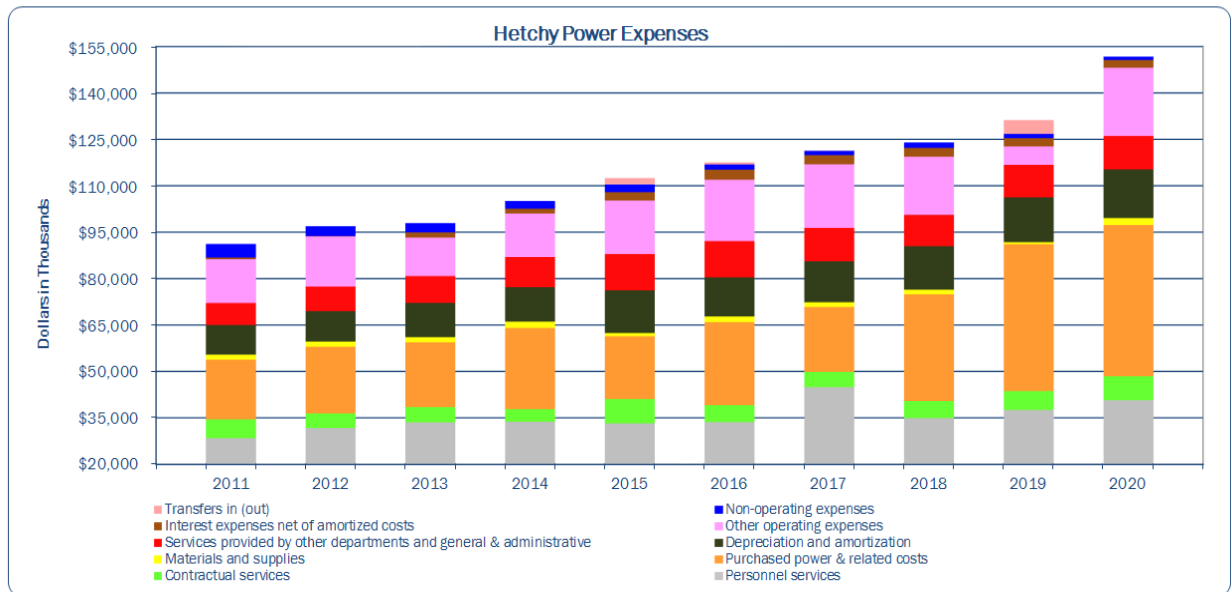
Expenses:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel services	\$ 28,474	31,719	33,564	33,762	33,240	33,632	44,961	34,950	37,583	40,712
Contractual services	6,063	4,726	4,956	4,063	7,852	5,493	4,916	5,526	6,086	7,742
Purchased power & related costs	19,269	21,539	20,891	26,215	20,296	26,792	20,970	34,435	47,437	48,831
Materials and supplies	1,638	1,694	1,671	2,075	1,039	1,849	1,510	1,541	672	2,260
Depreciation and amortization	9,582	9,796	11,079	11,128	13,785	12,639	13,225	14,049	14,484	15,723
Services provided by other departments and general & administrative	7,101	7,947	8,665	9,711	11,717	11,716	10,818	10,086	10,493	10,796
Other operating expenses	14,114	16,186	12,433	14,086	17,293	19,838	20,535	18,808	5,933	22,063
Subtotal operating expenses	86,241	93,607	93,259	101,040	105,222	111,959	116,935	119,395	122,688	148,127
Interest expenses	562	85	1,641	1,574	1,815	3,355	3,200	3,103	2,936	2,740
Amortization of premium, discount, and issuance costs	—	38	7	(28)	893	(122)	(255)	(248)	(237)	(228)
Non-operating expenses	4,403	3,217	3,025	2,485	2,494	1,676	1,408	1,727	1,365	1,060
Total expenses	91,206	96,947	97,932	105,071	110,424	116,868	121,288	123,977	126,752	151,699
Change in net position before transfers and extraordinary item	26,777	6,256	3,632	1,034	9,099	22,700	13,156	7,468	34,599	19,924
Transfers in (out)	(184)	(2)	(196)	(38)	2,043	680	51	(425)	4,490	(32)
Extraordinary item: Rim fire – loss	—	—	—	(4,134)	—	—	—	—	—	—
Change in net position	26,593	6,254	3,436	(3,138)	11,142	23,380	13,207	7,043	39,089	19,892
Net position at beginning of year										
Beginning of year, as previously reported	343,221	369,814	376,130	379,284	376,146	366,523	389,903	401,686	406,626	445,715
Cumulative effect of accounting change	—	(220)*	(282)*	—	(20,765)^	—	—	(2,103)△	—	—
Less: CleanPowerSF beginning net position	—	—	—	—	—	—	(1,424)	—	—	—
Beginning of year as restated	343,221	369,594	375,848	379,284	355,381	366,523	388,479	399,583	406,626	445,715
Net position at end of year	\$ 369,814	375,848	379,284	376,146	366,523	389,903	401,686	406,626	445,715	465,607

* The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.

^ The beginning net position for fiscal year 2015 has been restated for the retrospective application of GASB Statement No. 68.

△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trend
CleanPowerSF - Changes in Net Position
Fiscal Years Ended 2017 to 2020
(Dollars in Thousands)

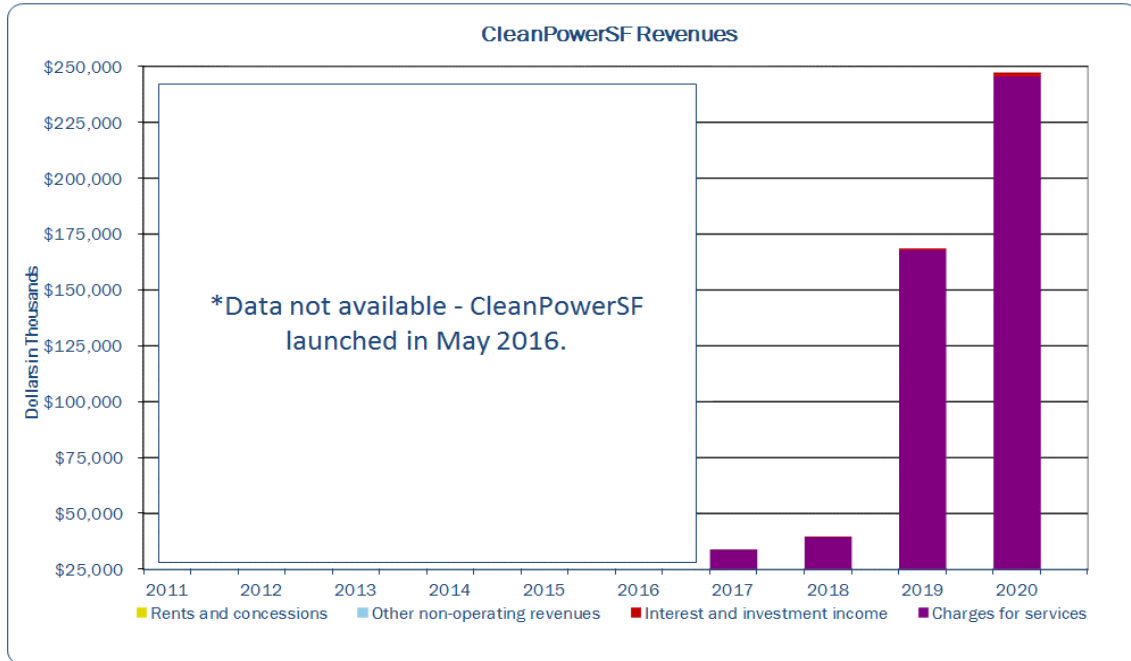
Revenues:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Charges for services	\$						33,867	39,568	167,820	245,460 [^]
Rents and concessions							-	-	-	-
Subtotal operating revenues							33,867	39,568	167,820	245,460
Interest and investment income							89	174	735	1,771
Other non-operating revenues							4	1	-	1
Subtotal non-operating revenues							93	175	735	1,772
Total revenues	\$						33,960	39,743	168,555	247,232

*Data not available - CleanPowerSF launched in May 2016.

(Continued)

* CleanPowerSF was presented as part of Hetchy Power in fiscal year 2016.
[^] Increase in charges for services is due to completion of city-wide enrollment.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trend
CleanPowerSF - Changes in Net Position
Fiscal Years Ended 2017 to 2020
(Dollars in Thousands)

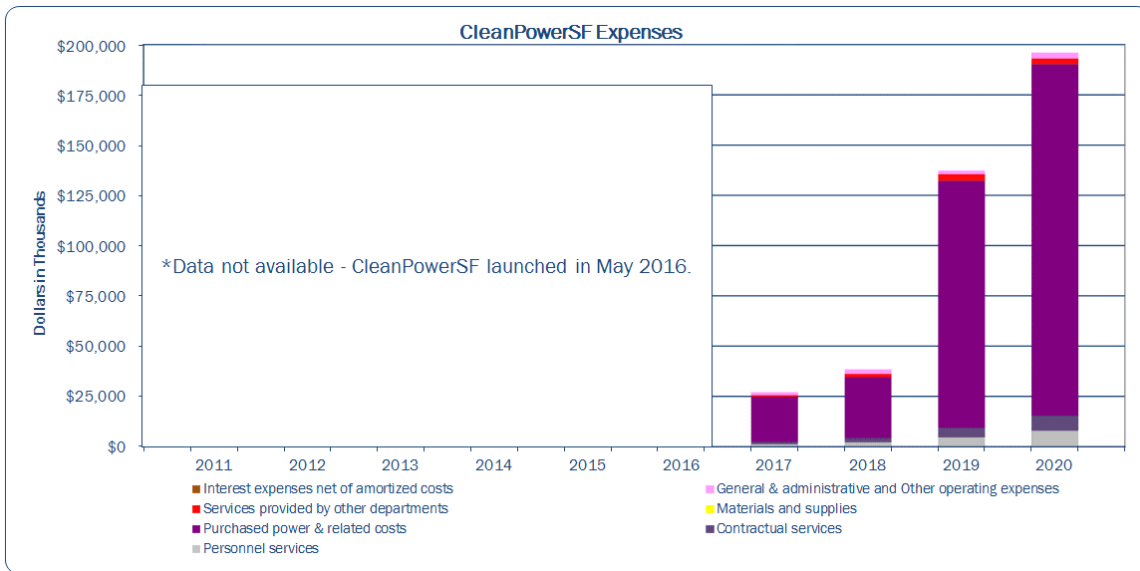
Expenses:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personnel services	\$						1,213	2,150	4,612	7,920
Contractual services							1,141	2,166	4,786	7,557
Purchased power & related costs							22,437	30,297	122,838	174,770 [^]
Materials and supplies							1	—	51	57
Services provided by other departments							734	1,545	3,208	2,728
General & administrative and other operating expenses							1,570	2,270	1,789	2,994
Subtotal operating expenses							27,096	38,428	137,284	196,026
Interest expenses							70	101	130	69
Total expenses							27,166	38,529	137,414	196,095
Change in net position							6,794	1,214	31,141	51,137
Net position at beginning of year										
Beginning of year, as previously reported							1,424	8,218	8,860	40,001
Cumulative effect of accounting change							—	(572) [△]		
Beginning of year as restated							1,424	7,646	8,860	40,001
Net position at end of year	\$						8,218	8,860	40,001	91,138

* CleanPowerSF was presented as part of Hetchy Power in fiscal year 2016.

△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

^ Increase in purchased power & related costs is due to higher enrollment and electricity sales.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

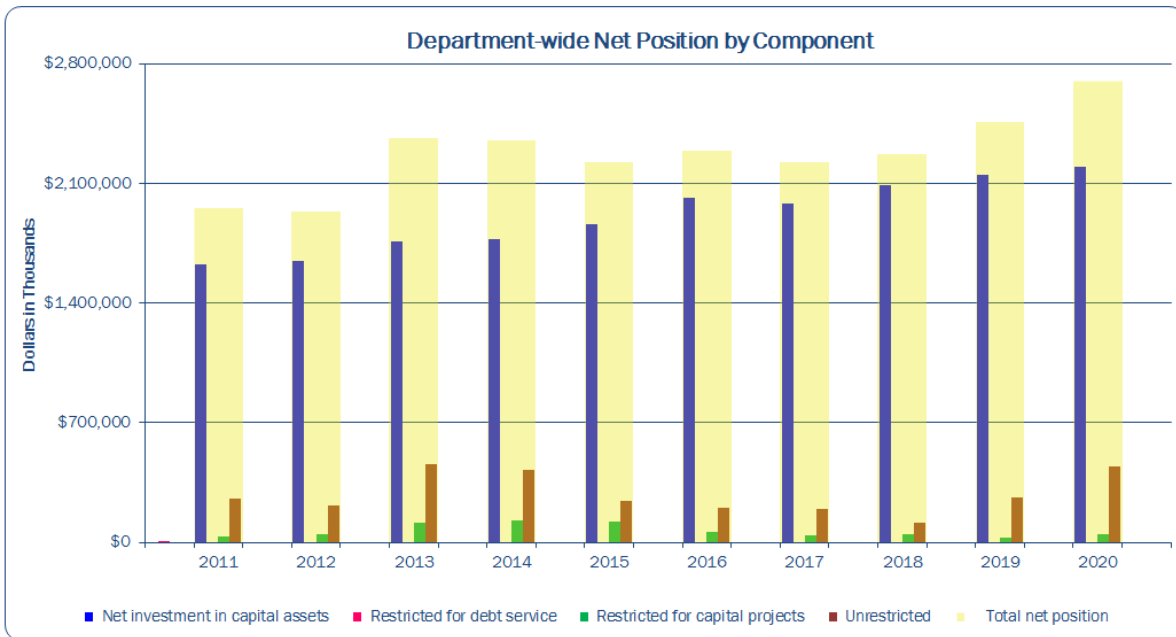


Department-wide - Summary of Net Position by Component
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

	2011	2012 [^]	2013 [^]	2014	2015 [*]	2016	2017	2018 [△]	2019	2020
Net investment in capital asset \$	1,627,228	1,645,558	1,762,526	1,769,815	1,859,439	2,011,814	1,979,445	2,087,816	2,147,756	2,194,130
Restricted for debt service	31,775	28,240	33,683	25,990	1,704	13,409	12,451	25,079	18,617	17,285
Restricted for capital projects	37,244	47,734	114,299	131,590	120,496	60,357	39,557	44,690	26,906	49,635
Unrestricted	257,200	214,522	456,057	422,234	243,812	205,642	194,337	113,340	264,891	440,681
Total net position	\$ 1,953,447	1,936,054	2,366,565	2,349,629	2,225,451	2,291,222	2,225,790	2,270,925	2,458,170	2,701,731

[^] The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.
^{*} The beginning net position for fiscal year 2015 have been restated for the cumulative effect of accounting change per GASB Statement No. 68.
[△] The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

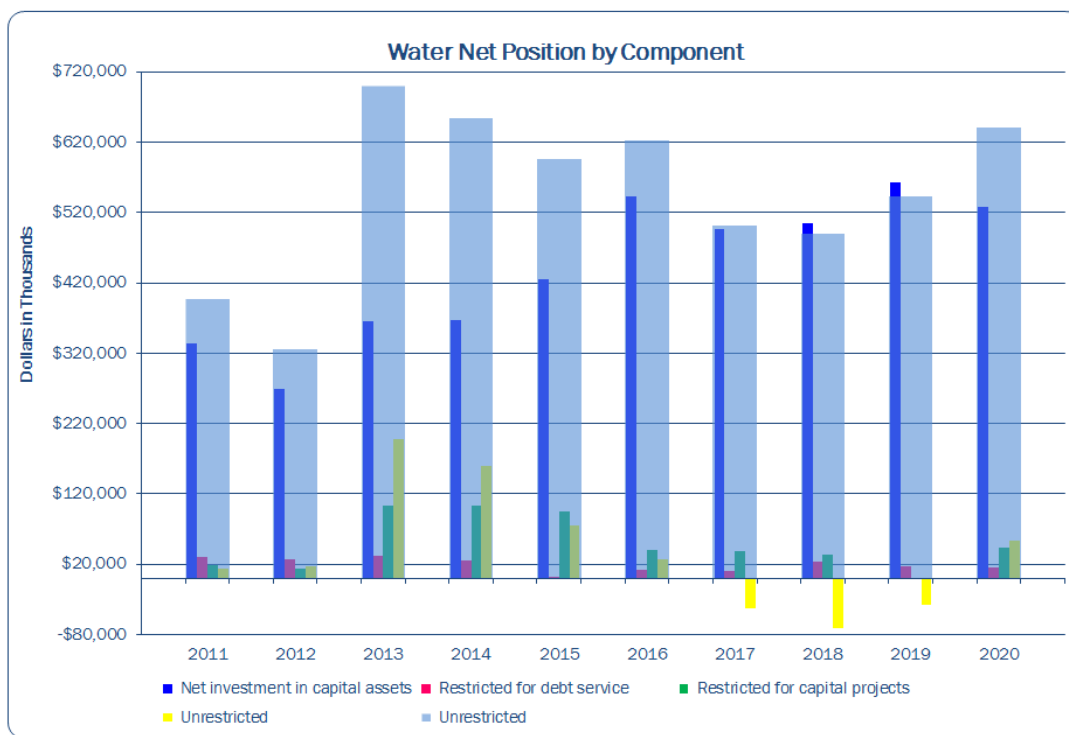


Financial Trends
Water - Summary of Net Position by Component
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012 [^]	2013 [^]	2014	2015 [*]	2016	2017	2018 [△]	2019	2020
Net investment in capital asset \$	333,386	268,614	364,863	366,799	425,073	543,327	495,868	504,476	563,457	527,856
Restricted for debt service	30,840	27,213	32,723	25,356	1,053	12,122	10,989	22,933	16,193	15,916
Restricted for capital projects	19,163	13,665	103,616	103,154	95,735	40,743	37,904	32,978	-	43,122
Unrestricted	12,869	16,350	198,429	158,903	74,604	26,476	(43,494)	(70,863)	(37,512)	54,121
Total net position	\$ 396,258	325,842	699,631	654,212	596,465	622,668	501,267	489,524	542,138	641,015

[^] The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.
^{*} The beginning net position for fiscal year 2015 have been restated for the cumulative effect of accounting change per GASB Statement No. 68.
[△] The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

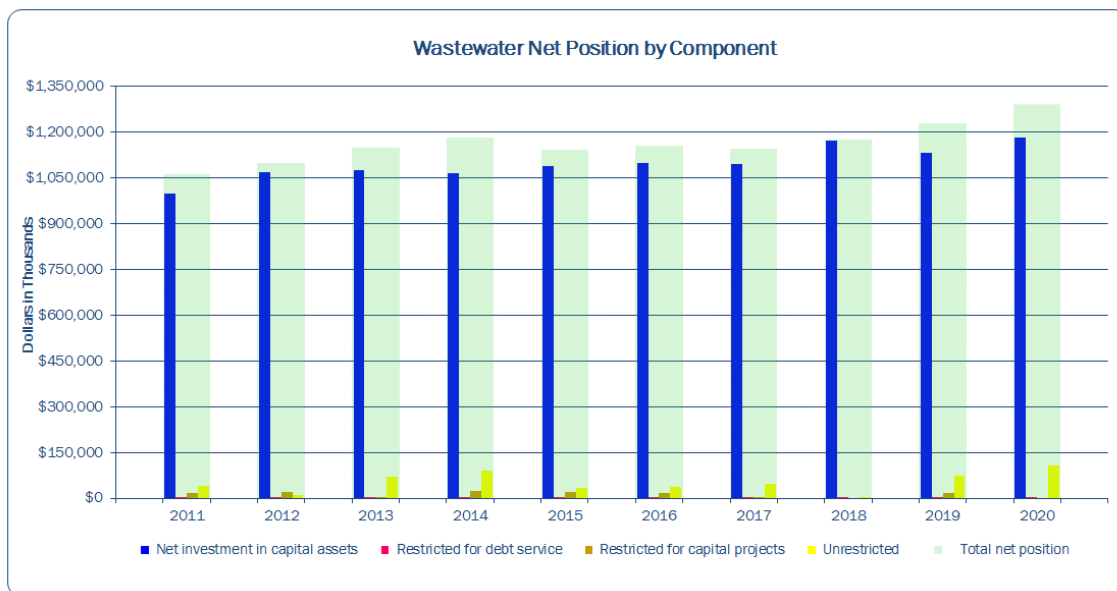


Financial Trends
Wastewater - Summary of Net Position by Component
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

	2011	2012 [^]	2013 [^]	2014	2015 [*]	2016	2017	2018 [△]	2019	2020
Net investment in capital assets \$	1,000,242	1,067,586	1,074,526	1,066,814	1,088,552	1,098,723	1,095,165	1,172,623	1,133,662	1,183,288
Restricted for debt service	935	1,027	960	634	349	981	977	1,312	1,279	1,227
Restricted for capital projects	18,081	19,787	2,931	22,929	20,327	18,205	1,653	-	18,505	-
Unrestricted	42,023	9,442	70,340	91,490	32,824	38,031	48,468	190	75,697	108,421
Total net position	\$ 1,061,281	1,097,842	1,148,757	1,181,867	1,142,052	1,155,940	1,146,263	1,174,125	1,229,143	1,292,936

[^] The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.
^{*} The beginning net position for fiscal year 2015 have been restated for the cumulative effect of accounting change per GASB Statement No. 68.
[△] The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



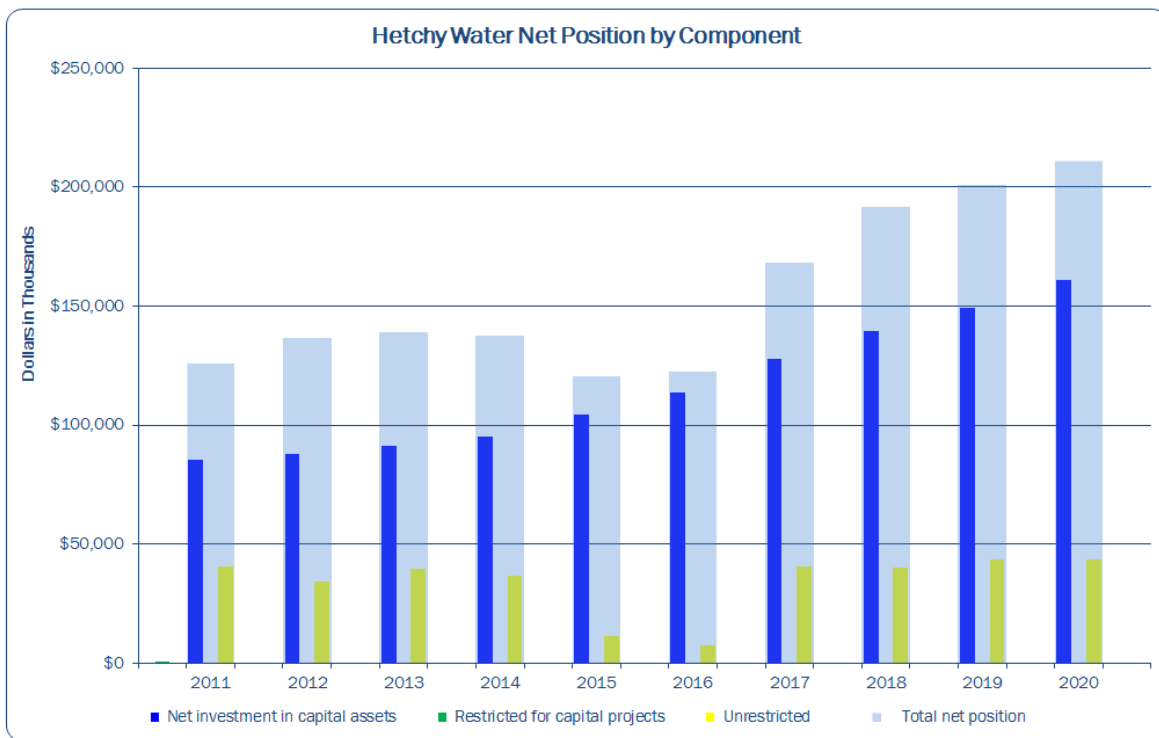
Financial Trends
Hetchy Water - Summary of Net Position by Component
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015 *	2016	2017	2018 [△]	2019	2020
Net investment in capital assets	\$ 85,508	87,941	91,228	95,186	104,330	113,867	127,731	139,799	149,103	160,782
Restricted for capital projects	–	14,170	7,752	5,507	4,434	1,409	–	11,712	8,401	6,513
Unrestricted	40,586	34,411	39,913	36,711	11,647	7,435	40,625	40,279	43,669	43,740
Total net position	\$ 126,094	136,522	138,893	137,404	120,411	122,711	168,356	191,790	201,173	211,035

* The beginning net position for fiscal year 2015 have been restated for the cumulative effect of accounting change per GASB Statement No. 68.

△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

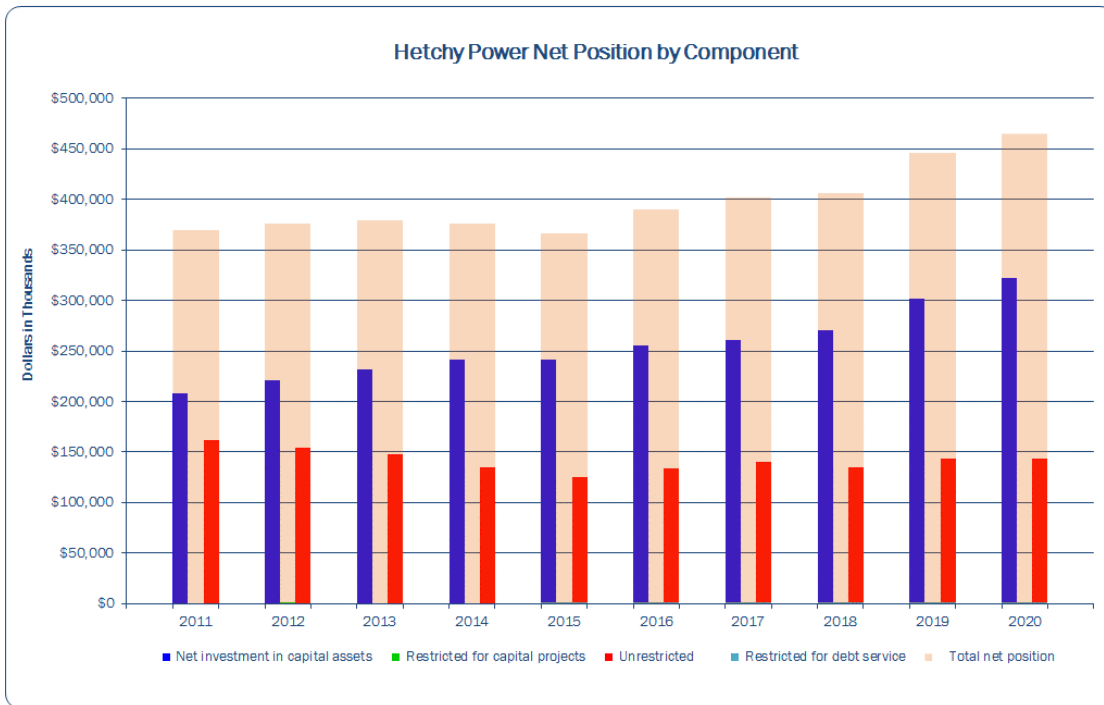


Financial Trends
Hetchy Power - Summary of Net Position by Component
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012 [^]	2013 [^]	2014	2015 [*]	2016	2017	2018 [△]	2019	2020
Net investment in capital assets	\$ 208,092	221,417	231,909	241,016	241,484	255,897	260,681	270,918	301,534	322,204
Restricted for debt service	—	—	—	—	302	306	485	834	1,145	142
Restricted for capital projects	—	112	—	—	—	—	—	—	—	—
Unrestricted	161,722	154,319	147,375	135,130	124,737	133,700	140,520	134,874	143,036	143,261
Total net position	\$ 369,814	375,848	379,284	376,146	366,523	389,903	401,686	406,626	445,715	465,607

[^] The beginning net position for fiscal years 2012 and 2013 have been restated for the retrospective application of GASB Statement No. 65.
^{*} The beginning net position for fiscal year 2015 have been restated for the cumulative effect of accounting change per GASB Statement No. 68.
[△] The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trend
CleanPowerSF - Summary of Net Position by Component
Fiscal Years Ended 2017 to 2020
(Dollars in Thousands)

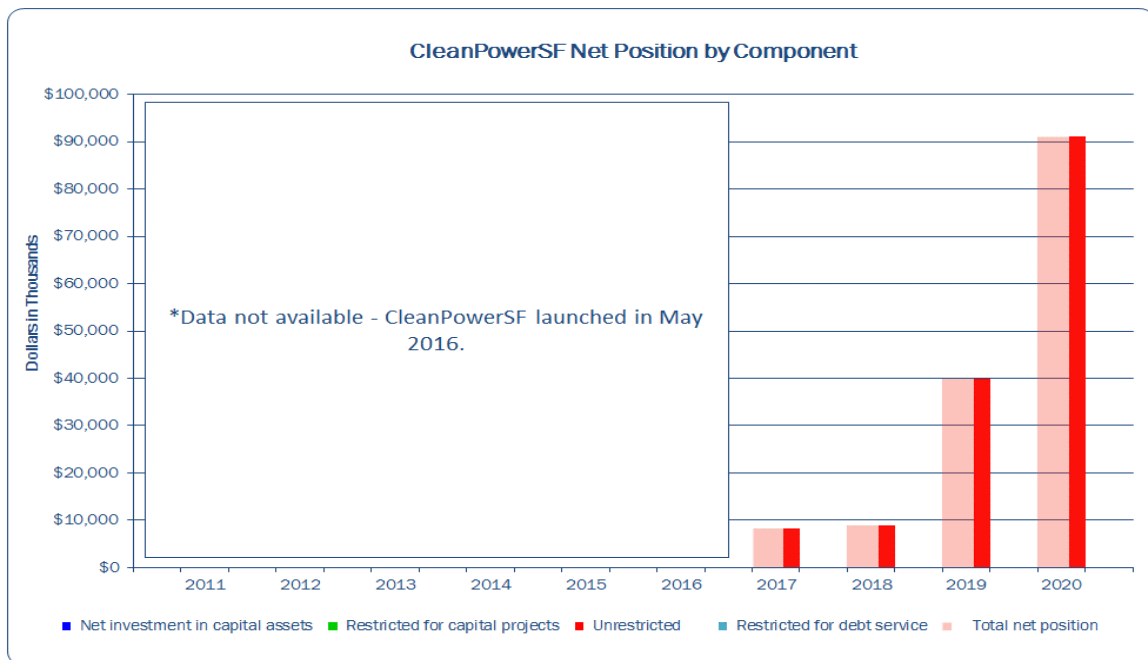
	2011	2012	2013	2014	2015	2016	2017	2018 [△]	2019	2020 [^]
Net investment in capital assets \$	*Data not available - CleanPowerSF launched in May 2016.						-	-	-	-
Restricted for debt service							-	-	-	-
Restricted for capital projects							-	-	-	-
Unrestricted							8,218	8,860	40,001	91,138
Total net position \$							8,218	8,860	40,001	91,138

* CleanPowerSF was presented as part of Hetchy Power in fiscal year 2016.

△ The beginning net position for fiscal year 2018 has been restated for the retrospective application of GASB Statement No. 75.

^ Increase in fiscal year 2020 is due to completion of citywide enrollment.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

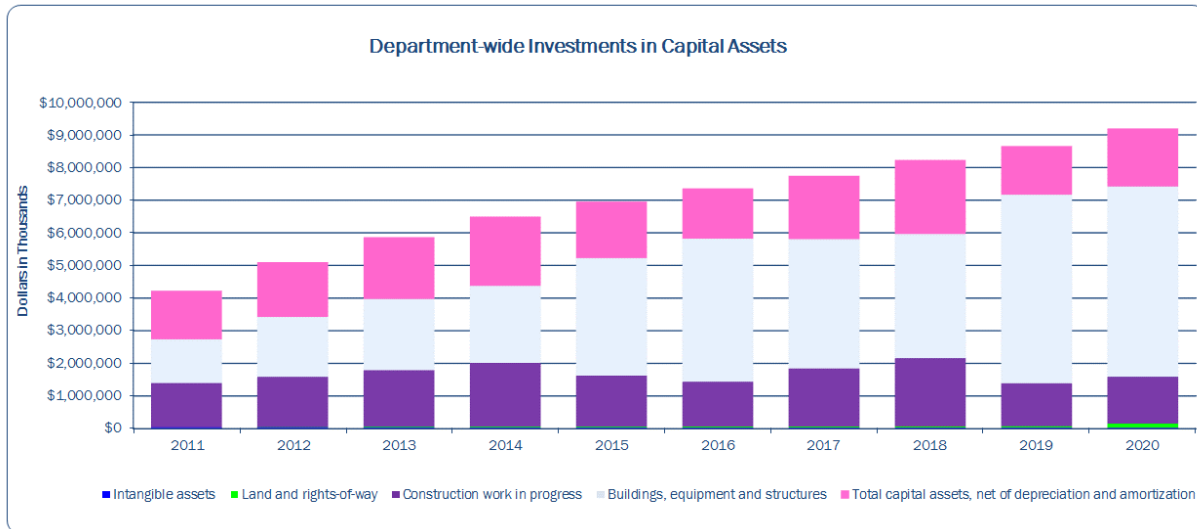


Financial Trends
Department-wide Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Buildings, equipment and structures	\$ 4,752,922	5,555,284	6,238,702	6,790,353	7,800,455	8,565,038	8,736,914	9,084,980	10,483,615	10,957,712
Less accumulated depreciation	(2,013,982)	(2,133,525)	(2,266,290)	(2,413,969)	(2,572,737)	(2,742,700)	(2,930,531)	(3,120,191)	(3,316,443)	(3,538,382)
Subtotal	2,738,940	3,421,759	3,972,412	4,376,384	5,227,718	5,822,338	5,806,383	5,964,789	7,167,172	7,419,330
Intangible assets, net of amortization*	44,636	44,596	41,525	39,122	38,885	36,674	34,904	36,956	34,853	32,528
Land and rights-of-way	44,687	50,641	64,764	67,290	67,213	67,213	67,301	70,947	71,228	155,089
Construction work in progress	1,395,510	1,586,702	1,789,980	2,012,810	1,625,592	1,436,187	1,841,297	2,161,089	1,387,840	1,592,097
Total capital assets, net of depreciation and amortization	\$ 4,223,773	5,103,698	5,868,681	6,495,606	6,959,408	7,362,412	7,749,885	8,233,781	8,661,093	9,199,044

* Include amortizable and non-amortizable intangible assets.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

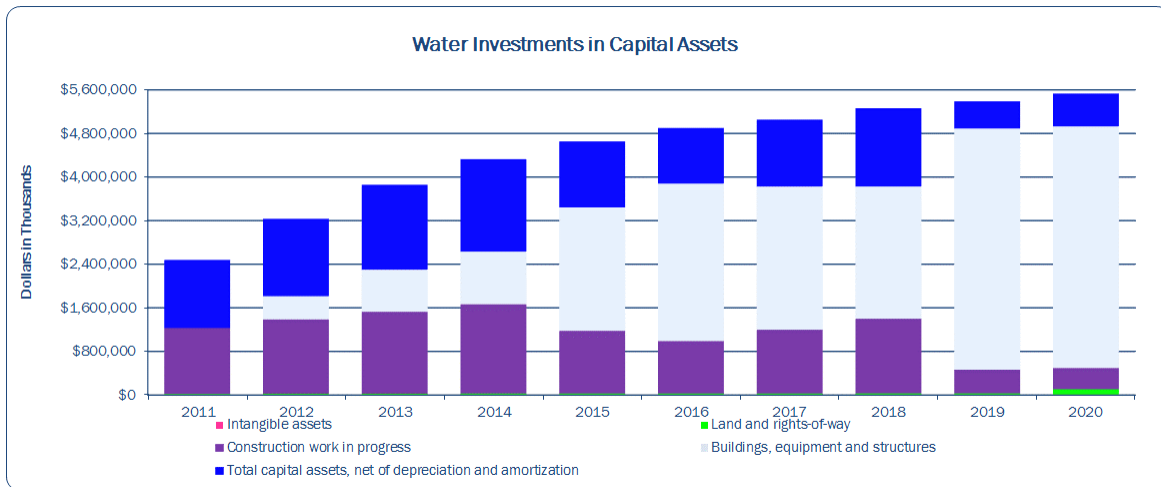


Financial Trends
Water - Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Buildings, equipment and structures \$	1,965,019	2,618,140	3,177,874	3,594,412	4,497,411	5,036,587	5,100,680	5,217,106	6,399,688	6,577,333
Less accumulated depreciation	(741,708)	(804,377)	(876,972)	(962,863)	(1,054,987)	(1,158,520)	(1,274,504)	(1,391,274)	(1,509,481)	(1,648,895)
Subtotal	1,223,311	1,813,763	2,300,902	2,631,549	3,442,424	3,878,067	3,826,176	3,825,832	4,890,207	4,928,438
Intangible assets, net of amortization*	9,191	9,832	8,030	6,896	7,244	5,843	4,671	7,321	5,816	4,089
Land and rights-of-way	18,812	24,711	24,307	26,811	26,811	26,811	26,777	30,029	30,029	105,336
Construction work in progress	1,228,574	1,385,860	1,525,689	1,662,294	1,176,805	987,780	1,195,840	1,400,051	462,606	492,682
Total capital assets, net of depreciation and amortization \$	2,479,888	3,234,166	3,858,928	4,327,550	4,653,284	4,898,501	5,053,464	5,263,233	5,388,658	5,530,545

* Include amortizable and non-amortizable intangible assets.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

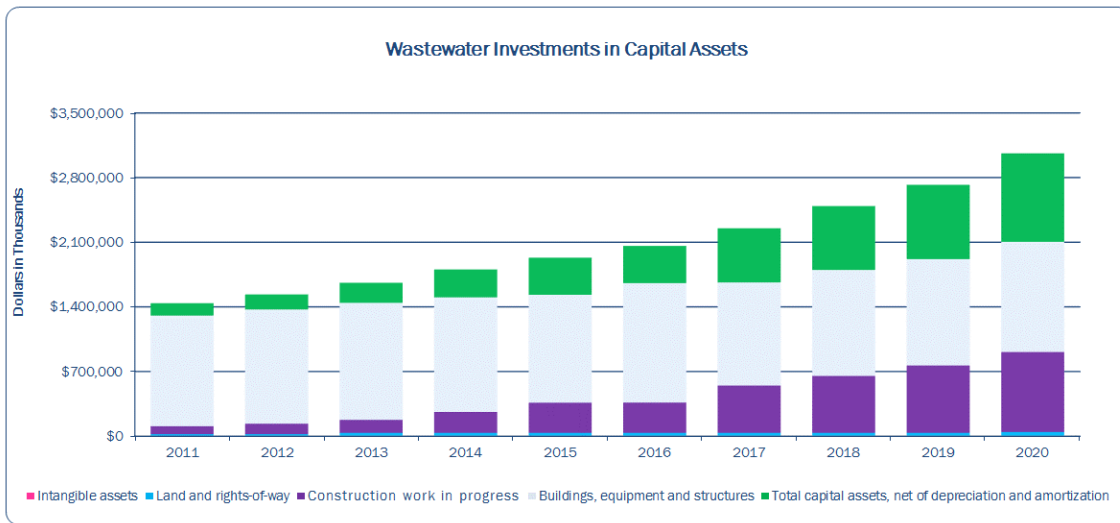


Financial Trends
 Wastewater - Investments in Capital Assets
 Summary of Intangible Assets, Property, Plant and Equipment
 Fiscal Years Ended 2011 to 2020
 (Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Buildings, equipment and structures	\$ 2,255,442	2,365,601	2,481,895	2,588,575	2,665,863	2,842,648	2,904,499	3,094,871	3,271,188	3,520,624
Less accumulated depreciation	(949,154)	(992,972)	(1,038,309)	(1,085,418)	(1,134,843)	(1,185,275)	(1,240,172)	(1,295,323)	(1,354,209)	(1,416,292)
Subtotal	1,306,288	1,372,629	1,443,586	1,503,157	1,531,020	1,657,373	1,664,327	1,799,548	1,916,979	2,104,332
Intangible assets, net of amortization*	5,793	5,595	4,809	4,023	3,921	3,594	3,457	3,320	3,183	3,046
Land and rights-of-way	21,210	21,210	35,737	35,737	35,737	35,737	35,737	35,737	36,018	44,572
Construction work in progress	107,176	134,703	176,711	262,642	362,110	362,958	548,179	652,521	765,624	910,338
Total capital assets, net of depreciation and amortization	\$ 1,440,467	1,534,137	1,660,843	1,805,559	1,932,788	2,059,662	2,251,700	2,491,126	2,721,804	3,062,288

* Include amortizable and non-amortizable intangible assets.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

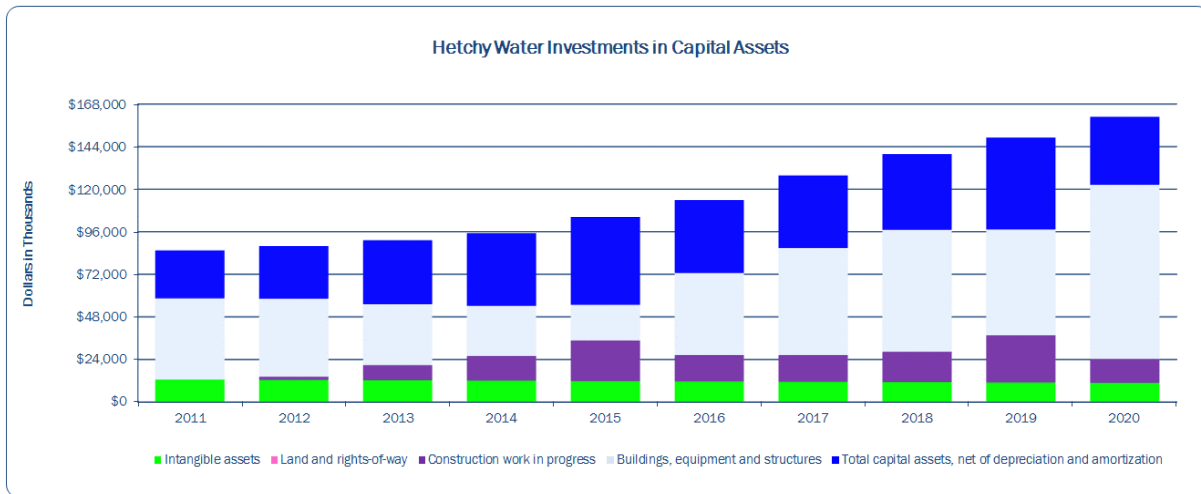


Financial Trends
Hetchy Water - Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Buildings, equipment and structures \$	209,336	212,935	213,936	216,910	221,345	242,936	261,139	276,177	281,562	311,783
Less accumulated depreciation	(150,912)	(154,688)	(158,796)	(162,724)	(166,546)	(170,199)	(174,352)	(179,139)	(184,312)	(189,350)
Subtotal	58,424	58,247	55,140	54,186	54,799	72,737	86,787	97,038	97,250	122,433
Intangible assets, net of amortization*	12,653	12,446	12,239	12,032	11,825	11,618	11,410	11,203	10,996	10,789
Land and rights-of-way	3,003	3,028	3,028	3,038	3,003	3,003	3,055	3,232	3,232	3,232
Construction work in progress	11,428	14,220	20,821	25,922	34,703	26,509	26,479	28,326	37,625	24,328
Total capital assets, net of depreciation and amortization \$	85,508	87,941	91,228	95,178	104,330	113,867	127,731	139,799	149,103	160,782

* Include amortizable and non-amortizable intangible assets.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

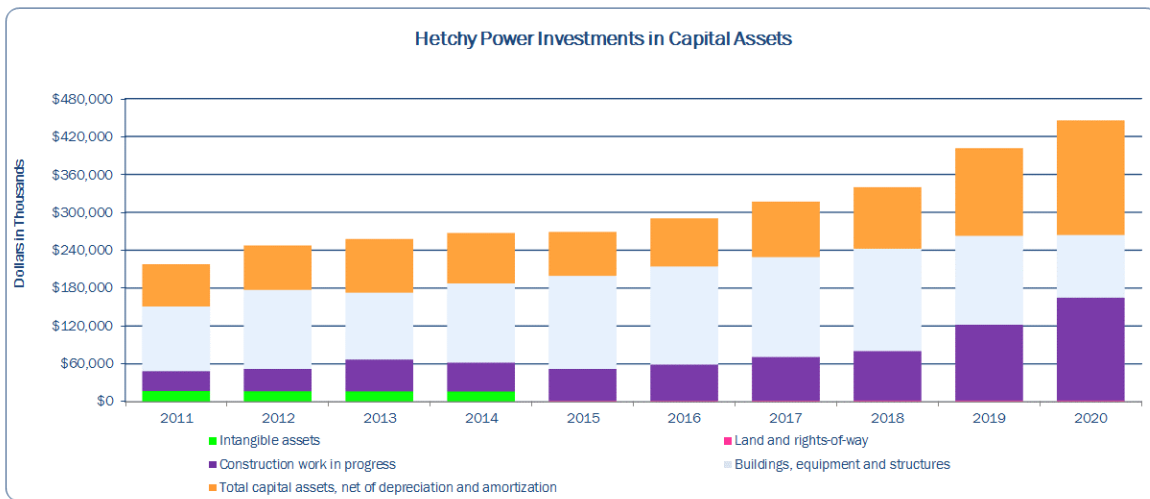


Financial Trends
Hetchy Power - Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Buildings, equipment and structures \$	323,125	358,608	364,997	390,456	415,836	442,867	470,596	496,826	531,177	547,972
Less accumulated depreciation	(172,208)	(181,488)	(192,213)	(202,964)	(216,361)	(228,706)	(241,503)	(254,455)	(268,441)	(283,845)
Subtotal	150,917	177,120	172,784	187,492	199,475	214,161	229,093	242,371	262,736	264,127
Intangible assets, net of amortization*	16,999	16,723	16,447	16,171	15,895	15,619	15,366	15,112	14,858	14,604
Land and rights-of-way	1,662	1,692	1,692	1,704	1,662	1,662	1,732	1,949	1,949	1,949
Construction work in progress	48,332	51,919	66,759	61,952	51,974	58,940	70,799	80,191	121,985	164,749
Total capital assets, net of depreciation and amortization \$	217,910	247,454	257,682	267,319	269,006	290,382	316,990	339,623	401,528	445,429

* Include amortizable and non-amortizable intangible assets.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.





San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Revenue Capacity

Water Rates History

Wastewater Rates History

Hetchy Power Electric Rates History

CleanPowerSF Electric Rates History

Net Revenue and Debt Service Coverage



Photo by: Robin Scheswohl

Moccasin Reservoir



San Francisco
Water Power Sewer

Services of the San Francisco Public Utilities Commission

**Revenue Capacity
Water Rate History
Fiscal Years Ended 2011 to 2020**

Rates Per Hundred Cubic Feet

Fiscal Years Ended June 30	Service Charge (\$) ¹	Retail						Wholesale			
		Single-Family			Multiple-Family			Non-Residential		Volume Charge (\$/ccf)	% Increase /(Decrease)
		Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase /(Decrease) ⁴	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase /(Decrease) ⁴	Volume Charge (\$/ccf)	% Increase /(Decrease)		
2011	6.20	3.09	4.12	17.6	3.28	4.37	14.5	3.89	16.1	1.90	15.2
2012	7.00	3.50	4.60	12.5	3.70	4.90	12.7	4.52	16.2	2.63	38.4
2013	7.90	3.90	5.20	12.5	4.20	5.50	13.0	5.10	12.8	2.93	11.4
2014	8.40	4.20	5.50	6.5	4.50	5.90	6.9	5.40	5.9	2.45	(16.4)

Fiscal Years Ended June 30	Service Charge (\$) ¹	Retail						Wholesale			
		Single-Family			Multiple-Family			Non-Residential		Volume Charge (\$/ccf)	% Increase /(Decrease)
		Volume Charge (\$/ccf) (0-4 ccf)	Volume Charge (\$/ccf) (over 4 ccf)	% Increase /(Decrease) ⁴	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase /(Decrease) ⁴	Volume Charge (\$/ccf)	% Increase /(Decrease)		
2015 ^{2,3}	8.81	4.86	6.52	10.1	4.98	6.67	9.4	5.79	7.2	2.93	19.6
2016	9.87	5.45	7.31	12.1	5.58	7.48	12.1	6.49	12.1	3.75	28.0
2017	10.86	6.00	8.05	10.1	6.14	8.23	10.0	7.14	10.0	4.10	9.3
2018	11.63	6.42	8.62	7.0	6.57	8.81	7.0	7.64	7.0	4.10	0.0
2019 ⁵	12.30	7.10	9.10	8.0	7.22	9.26	7.6	8.43	10.3	4.10	0.0
2020 ⁵	13.28	7.85	9.61	8.5	7.94	9.73	8.4	9.14	8.4	4.10	0.0

¹ Monthly service charge for 5/8" meter. Larger meter sizes charged at different rates.

² Rates approved on May 13, 2014.

³ Effective July 1, 2015, the Single-Family Residential Tier 1 changed from 0-3 ccf to 0-4 ccf.

⁴ The percentage increase/(decrease) is based on an average monthly bill of 6 ccf for Single-Family and 4 ccf for Multiple-Family.

⁵ Rates approved on May 8, 2018.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports and Rate Schedules.

**Revenue Capacity
Wastewater Rate History
Fiscal Years Ended 2011 to 2020**

Rates Per Hundred Cubic Feet

Fiscal Years Ended June 30	Single-Family			Multiple-Family			Volume Charge (\$/ccf)	Non-Residential		
	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase/ (Decrease) ⁴		Chemical Oxygen Demand Charge (\$/lb)	Suspended Solids Charge (\$/lb)	Oil and Grease Charge (\$/lb)
2011 ¹	6.91	9.21	12.2	6.51	8.68	15.4	6.55	0.22	0.88	1.10
2012	7.16	9.55	3.6	7.49	9.99	15.1	6.55	0.22	0.88	1.10
2013	7.52	10.03	5.1	7.86	10.49	5.0	6.55	0.22	0.88	1.10
2014	7.90	10.53	5.0	8.25	11.01	5.0	6.62	0.22	0.89	1.11

Fiscal Years Ended June 30	Single-Family			Multiple-Family			Volume Charge (\$/ccf)	Non-Residential		
	Volume Charge (\$/ccf) (0-4 ccf)	Volume Charge (\$/ccf) (over 4 ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase/ (Decrease) ⁴		Chemical Oxygen Demand Charge (\$/lb)	Suspended Solids Charge (\$/lb)	Oil and Grease Charge (\$/lb)
2015 ^{2,3}	9.06	11.23	6.1	9.24	11.48	10.0	6.15	0.44	0.83	0.87
2016	9.82	11.34	6.9	9.95	11.51	5.8	6.45	0.46	0.87	0.91
2017	10.84	11.66	9.0	10.91	11.75	7.9	6.90	0.49	0.93	0.97
2018 ⁵	12.40	12.40	12.2	12.40	12.40	11.8	7.66	0.55	1.03	1.08

Fiscal Years Ended June 30	Single-Family			Multiple-Family			Volume Charge (\$/ccf)	Non-Residential		
	Service Charge (\$) ⁶	Volume Charge (\$/ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf)	% Increase/ (Decrease) ⁴	% Increase/ (Decrease) ⁴		Chemical Oxygen Demand Charge (\$/lb)	Suspended Solids Charge (\$/lb)	Oil and Grease Charge (\$/lb)
2019 ⁷	0.98	13.06	4.5	13.06	3.5	7.84	0.52	1.30	1.33	
2020 ⁷	2.19	13.88	6.6	13.88	5.3	8.29	0.56	1.41	1.42	

¹ Single-Family Residential and Multiple-Family Residential rates were differentiated effective July 1, 2009, and then combined effective July 1, 2019.

² Effective July 1, 2015, the Single-Family Residential Tier 1 rate structure changed from 0-3 ccf to 0-4 ccf.

³ Rates approved on May 13, 2014.

⁴ The percentage increase/(decrease) is based on an average monthly bill of 5.4 ccf for Single-Family (based on a 90% flow factor) and 3.8 ccf for Multiple-Family (based on a 95% flow factor).

⁵ Effective July 1, 2017, no tiers for wastewater volumetric charges for single-family and multi-family residential wastewater.

⁶ Effective July 1, 2018, all wastewater customers pay a monthly service charge per account.

⁷ Rates approved on May 22, 2018.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports and Rate Schedules.

**Revenue Capacity
Hetchy Power Electric Rate History
Fiscal Years Ended 2011 to 2020**

Rates Per Kilowatt Hour		2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Residential*											
Residential Services - Multi-family	\$	0.18259	0.18581	0.18590	0.20052	0.20526	0.21784	0.23073	0.22894	0.23298	0.26429
Residential - Public Power											
Tier 1		N/A	0.10689	0.10931	0.11200	0.11451	0.11705	0.13391	0.14198	0.14610	0.14868
Tier 2		N/A	0.12152	0.12427	0.12733	0.13018	0.13306	0.15222	0.16139	0.16607	0.16900
Tier 3		N/A	0.24877	0.25440	0.26065	0.26649	0.27238	0.31160	0.33037	0.33995	0.34595
Commercial											
Small General Service		0.18075	0.18098	0.18531	0.19717	0.21152	0.22560	0.23020	0.23786	0.24931	0.26884
Medium General Demand-Metered Service		0.16041	0.16013	0.15876	0.17573	0.18503	0.19667	0.20346	0.21265	0.21889	0.23721
Medium General Demand-Metered TOU** Service		0.13033	0.12724	0.12833	0.13953	0.14761	0.15049	0.15893	0.16176	0.16709	0.18735
Industrial											
Service to Customers with equal to or greater than Demand of 1,000 Kilowatts or More - Secondary Voltage		0.13552	0.13478	0.13170	0.14434	0.15216	0.15969	0.16868	0.17553	0.18279	0.19804
Service to Customers with equal to or greater than Demand of 1,000 Kilowatts or More - Primary Voltage		0.12450	0.12247	0.11990	0.13169	0.13908	0.14498	0.15229	0.15874	0.16466	0.17774
Service to Customers with equal to or greater than Demand of 1,000 Kilowatts or More - Transmission Voltage		0.09794	0.09907	0.09431	0.10383	0.10608	0.10743	0.11719	0.12501	0.12786	0.14240
General Fund City Departments#		0.03750	0.03750	0.04250	0.04750	0.05750	0.06750	0.07250	0.07750	0.07377	0.07877
Streetlights		0.12173	0.12153	0.13085	0.13840	0.15045	0.15712	0.15874	0.16451	0.17354	0.18693
Traffic Signals		0.13571	0.13571	0.14111	0.14762	0.15866	0.17187	0.18018	0.18432	0.18945	0.20194

* Residential rates include master-metered multi-family services (EM) and multi-family services (ES). Tiers for Residential Public Power vary between Winter and Summer months.

** TOU stands for time-of-use.

Prior to fiscal year 2019, the General Fund rate shown was one of six rates being charged to customers. In fiscal year 2019, the six rates were consolidated into one, which was set to a ½ cent per kWh increase from the weighted average of the six prior rates. The decrease in fiscal year 2019 is a function of the change in what this line item represents – rates did not decrease.

The rates shown for each year are average rates per kWh charged in the months including June for residential, commercial and industrial rates. Rates are subject to change at any time.

Source: San Francisco Public Utilities Commission Rates Schedules & Fees and PG&E electric rates schedules.

**Revenue Capacity
CleanPowerSF Electric Rate History
Fiscal Years Ended 2016 to 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rates per Kilowatt-hour										
Residential										
E-1 (Green)						0.07267	0.07267	0.06836	0.07163	0.08235
E-1 (SuperGreen)						0.09267	0.09267	0.08836	0.08663	0.09235
E-6 (Green)						0.06719	0.06693	0.05868	0.06612	0.08197
E-6 (SuperGreen)						0.08719	0.08693	0.07868	0.08112	0.09197
E-TOUA (Green)						N/A	0.06801	0.06283	0.06548	0.07702
E-TOUA (SuperGreen)						N/A	0.08801	0.08283	0.08048	0.08702
E-TOUB (Green)						N/A	0.06819	0.06285	0.06460	0.07598
E-TOUB (SuperGreen)						N/A	0.08819	0.08285	0.07960	0.08598
E-TOUC* (Green)						N/A	N/A	N/A	0.07010	0.07913
E-TOUC* (SuperGreen)						N/A	N/A	N/A	0.08510	0.08913
EVA (Green)						0.05837	0.05822	0.05350	0.05358	0.06526
EVA (SuperGreen)						0.07837	0.07822	0.07350	0.06858	0.07526
EVB (Green)						N/A	0.04747	0.04263	0.03889	0.04692
EVB (SuperGreen)						N/A	0.06747	0.06263	0.05389	0.05692
Commercial										
A-1 (Green)						0.07772	0.07740	0.07447	0.07919	0.08011
A-1 (SuperGreen)						0.09772	0.09740	0.08847	0.08919	0.08761
A-1X (Green)						0.07770	0.07751	0.07509	0.07954	0.08184
A-1X (SuperGreen)						0.09770	0.09751	0.08909	0.08954	0.08934
A-6 (Green)						0.08883	0.08820	0.08631	0.09491	0.10079
A-6 (SuperGreen)						0.10883	0.10820	0.10031	0.10491	0.10829
A-10S (Non Time of Use - Green)						0.07940	0.07940	0.07674	0.08355	0.08252
A-10S (Non Time of Use - SuperGreen)						0.09940	0.09940	0.09074	0.08855	0.08752
A-10SX (Time of Use - Green)						0.07899	0.07813	0.07579	0.08322	0.08185
A-10SX (Time of Use - SuperGreen)						0.09899	0.09813	0.08979	0.08822	0.08685
E-19S (Green)						0.07925	0.07853	0.07658	0.08336	0.08010
E-19S (SuperGreen)						0.09925	0.09853	0.09058	0.08836	0.08510
E-19SV (Green)						0.07368	0.07304	0.07104	0.07670	0.07387
E-19SV (SuperGreen)						0.09368	0.09304	0.08504	0.08170	0.07887
E-20P (Green)						0.07005	0.06895	0.06729	0.07300	0.06958
E-20P (SuperGreen)						0.09005	0.08895	0.08129	0.08300	0.07708
E-20S (Green)						0.07502	0.07395	0.07167	0.07774	0.07434
E-20S (SuperGreen)						0.09502	0.09395	0.08567	0.08774	0.08184

*Data not available - CleanPowerSF launched in May 2016.

The rates shown for each year are the average rates per kWh calculated by the SFPUC and PG&E in its Joint Rate Comparisons prepared in 2016 to 2020. Each average rate is calculated using the energy consumption (and if applicable, demand) of a typical customer on that rate schedule in San Francisco and the rates in place during each reported fiscal year.

*Rate E-TOUC was a new rate beginning fiscal year 2019, and therefore was not included in the Joint Rate Comparison. The same methodology to calculate average rate was applied.

May exclude new rates due to insufficient data for average rate calculation

Source: San Francisco Public Utilities Commission and PG&E Joint Rate Comparisons.

**Revenue Capacity
Water - Net Revenue and Debt Service Coverage
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating and investment revenue	\$ 305,678	375,551	721,189	390,789	431,836	423,111	464,662	532,087	558,041	593,868
Less operating and maintenance expenses	(261,927)	(304,562)	(303,739)	(333,555)	(296,950)	(314,786)	(421,827)	(370,147)	(357,094)	(398,117)
Adjustment to investing activities ¹	325	(784)	258	(2,438)	732	635	111	(1,245)	(4,821)	(516)
Depreciation and non-cash expenses	60,619	72,264	78,323	95,355	98,192	107,268	121,375	119,624	122,248	148,294
Changes in working capital	21,052	16,714	52,193	46,088	(37,175)	(11,062)	63,520	31,060	(11,073)	(20,763)
Appropriated fund balance	—	—	—	—	—	23,994	10,747	1,452	4,318	17,181
Net revenue ⁴	125,747	159,183	548,224	196,239	196,635	229,160	238,588	312,831	311,619	339,947
Other available funds ²	44,130	27,473	26,744	287,522	248,390	162,733	155,852	186,752	221,362	241,931
Funds available for revenue debt service	\$ 169,877	186,656	574,968	483,761	445,025	391,893	394,440	499,583	532,981	581,878
Revenue debt service ³	\$ 86,554	122,289	248,530	141,325	192,312	219,195	207,812	233,959	261,638	269,210
Revenue debt service coverage	1.96	1.53	2.31	3.42	2.31	1.79	1.90	2.14	2.04	2.16

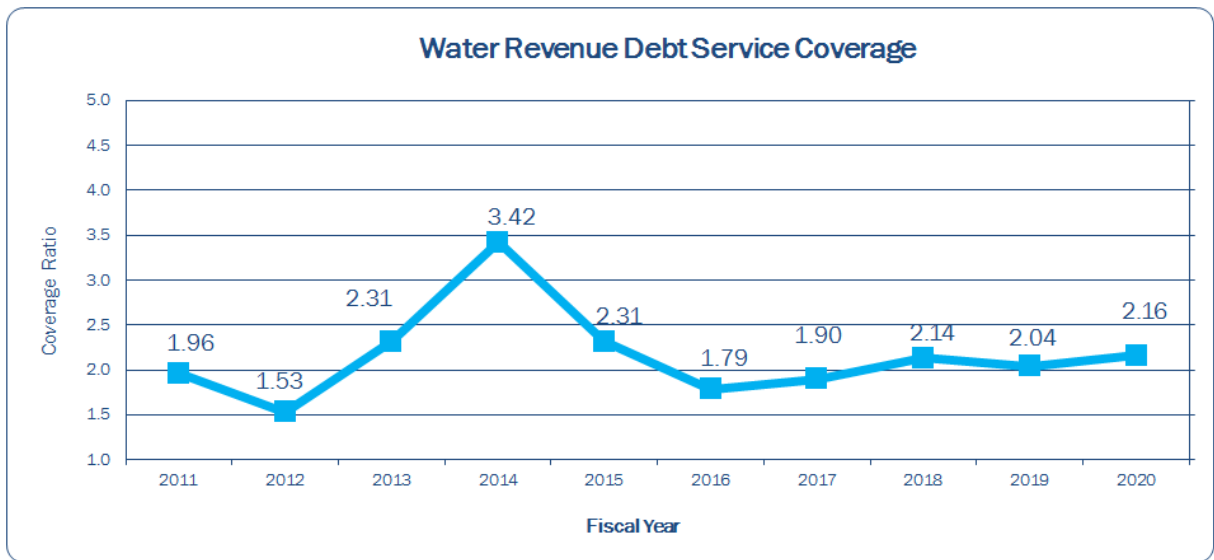
¹ Adjustment of investing activities and non-operating revenues to a cash basis.

² As per the Indenture, in addition to current year cash flow, the coverage calculation permits the inclusion of all funds except for Trust and Agency Fund not budgeted to be spent in such months and legally available to pay debt service.

³ Revenue debt service is calculated net of capitalized interest and federal interest subsidy the Commission is scheduled to receive during the 12-month period ending June 30 for any series of bonds.

⁴ Net revenues beginning fiscal years 2016 includes appropriated available funds.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports.



Revenue Capacity
Wastewater - Net Revenue and Debt Service Coverage
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating and investment revenue	\$ 231,143	247,130	253,078	262,497	257,209	262,960	279,668	317,413	351,782	356,265
Less operating and maintenance expenses	(179,084)	(195,857)	(208,260)	(216,340)	(216,485)	(221,553)	(244,220)	(238,906)	(259,813)	(262,259)
Adjustment to investing activities ¹	108	(299)	337	(601)	127	(12)	251	(489)	(8,047)	2,950
Depreciation and non-cash expenses	44,232	46,271	52,108	50,717	51,773	56,285	57,998	60,072	68,568	68,603
Changes in working capital	5,633	21,375	(13,795)	12,908	3,923	2,404	26,292	18,336	(2,125)	523
State revolving fund loan payments ⁴	(16,503)	(10,983)	(9,421)	— ^	—	—	—	—	—	—
Net revenue	85,529	107,637	74,047	109,181	96,547	100,084	119,989	156,426	150,365	166,082
Other available funds ²	22,769	50,761	80,094	109,807	134,413	139,847	131,554	153,596	103,281	215,722
Funds available for revenue debt service	\$ 108,298	158,398	154,141	218,988	230,960	239,931	251,543	310,022	253,646	381,804
Revenue debt service*	\$ 41,839 ³	42,190	37,921	48,932	48,878	60,022	48,769 **	47,003	60,347	62,797
Revenue debt service coverage	2.59	3.75	4.06	4.48	4.73	4.00	5.16	6.60	4.20	6.08

¹ Adjustment of investing activities and non-operating revenues to a cash basis.

² As per the Indenture, in addition to current year cash flow, the coverage calculation permits the inclusion of all funds except for Trust and Agency Fund not budgeted to be spent in such 12 months and legally available to pay debt service.

³ Effective on October 2, 2010, pursuant to the First Amendment to Indenture, dated May 1, 2010, between U.S. Bank National Association (the "Trustee") and the Commission, for the purpose of determining the amount of interest coming due during any 12-month period ending June 30 on any series of bonds that were issued as Build America Bonds, such amount will be reduced by an amount equal to the federal interest subsidy the Commission is scheduled to receive during such 12-month period ending June 30.

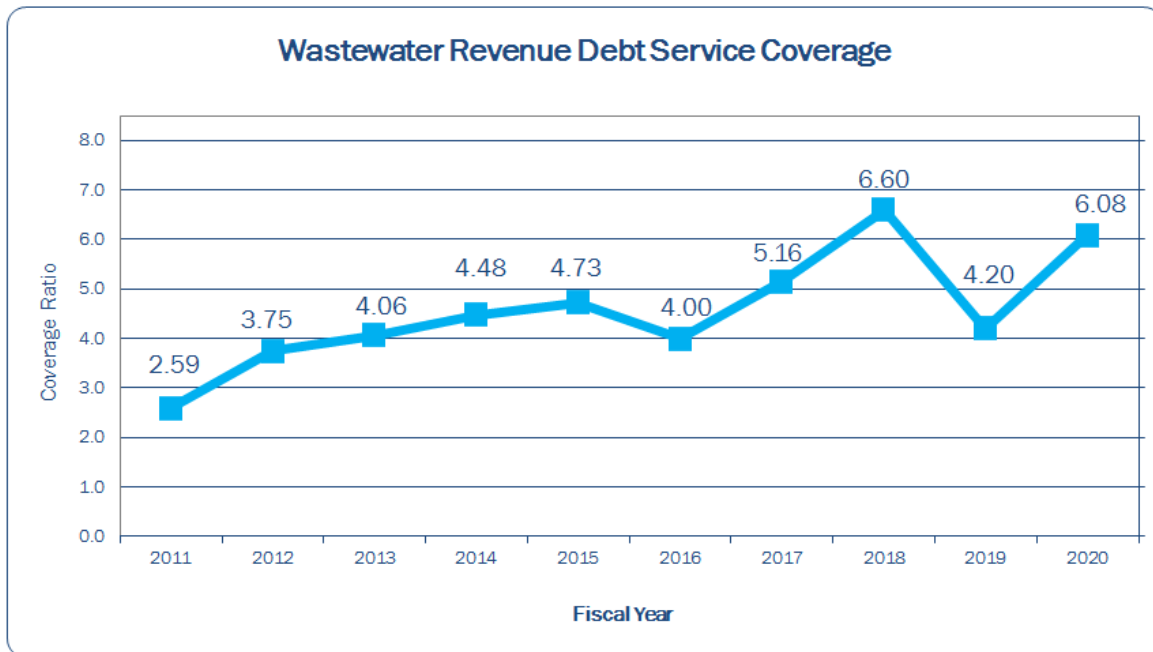
⁴ State revolving fund loan for Sewer System Improvement projects (starting fiscal year 2019) have the same seniority as revenue bonds.

^ In January 2013, 2013 Series A refunded the remaining portion of the outstanding state revolving fund loans.

* Effective fiscal year 2013, revenue debt service is calculated net of capitalized interest.

** In fiscal year 2018 Wastewater financial statements, fiscal year 2017 revenue debt service is presented gross of capitalized interest, \$60,407.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports.



Revenue Capacity
Hetchy Power - Net Revenue and Debt Service Coverage
Fiscal Years Ended 2015 to 2020
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020 [^]
Operating and investment revenue	No senior lien debt service coverage prior to fiscal year 2015				117,704	122,954	122,187	122,251	152,873	151,835
Less operating and maintenance expenses					(105,222)	(110,012)	(116,935)	(119,395)	(122,688)	(148,127)
Adjustment to investing activities*					(8)	11	29	419	(2,606)	101
Depreciation and non-cash expenses					17,654	15,331	14,208	14,131	14,604	27,470
Changes in working capital					7,037	(9,214)	11,740	13,281	(2,386)	3,243
Net revenue					37,165	19,070	31,229	30,687	39,798	34,522
Other available funds [△]					14,031	13,974	32,199	36,525	31,215	46,039
Funds available for revenue debt service	No senior lien debt service coverage prior to fiscal year 2015				\$ 51,196	\$ 33,044	\$ 63,428	\$ 67,212	\$ 71,013	\$ 80,561
Revenue debt service**					N/A	N/A	N/A	2,570	2,569	2,568
Revenue debt service coverage					N/A	N/A	N/A	26.15	27.64	31.37

Not Applicable (N/A) debt service for CREBs, QECBs and NCREBs, is subordinate in lien pursuant to Power's Master Trust Indenture dated May 1, 2015.

* Adjustment of investing activities and non-operating revenues to a cash basis.

** Series 2015 AB power revenue bonds senior lien debt service is capitalized through fiscal year 2018. So there is no basis for calculating debt service coverage from fiscal years 2015 to 2017.

△ Starting fiscal year 2019, other available funds is calculated based on percentage of unrestricted net position due to implementation of new financial system, PeopleSoft. Fiscal year 2018 and prior, fund equity was determined by financial activities in the general ledger fund equity account, however it is no longer available in PeopleSoft.

^ Funds available for revenue debt service included Low Carbon Fuel Standard revenue (net of 50% transferred to SFMTA) for indenture coverage calculation.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports.

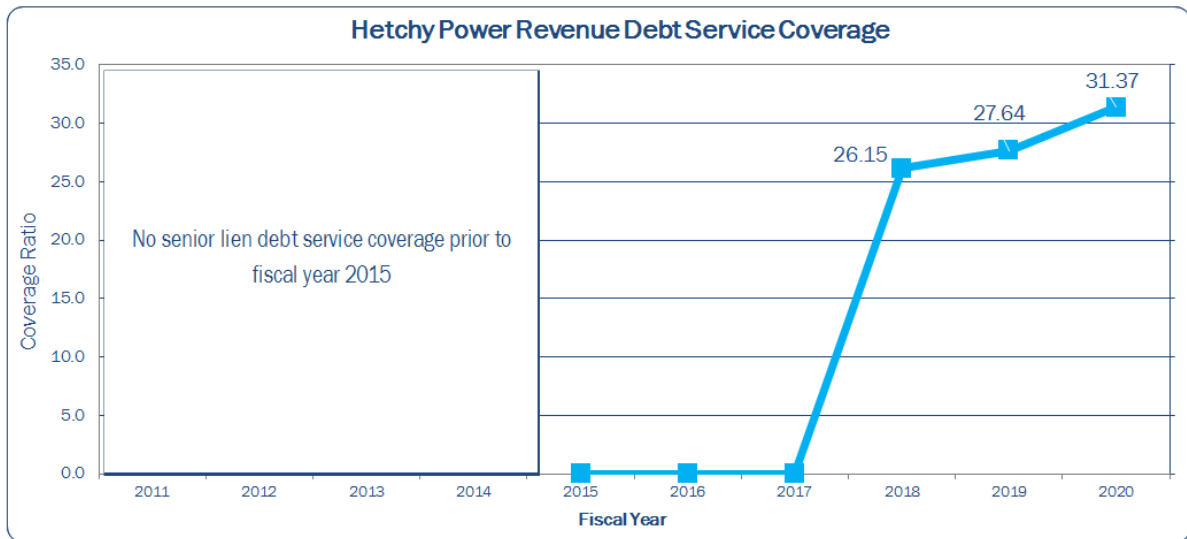




Photo by: Robin Scheswohl

Southeast Wastewater Treatment Plant: Biosolids
Digester Facilities Project



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Debt Capacity

Debt Ratings

Summary of Debt Outstanding

History of Outstanding Debt by Type

Department-wide - Principal and Interest Payments for Debt Issues

Water - Principal and Interest Payments for Debt Issues

Wastewater - Principal and Interest Payments for Debt Issues

Hetchy Power - Principal and Interest Payments for Debt Issues



Photo By: Robin Scheswohl

Westside Enhanced Water Recycling Project

**Debt Capacity
Debt Ratings
As of June 30, 2020**

Debt by Type	Ratings by	
	Moody's Investors Service	Standard & Poor's
Water		
Revenue bonds	Aa2	AA-
Commercial paper - \$500 million tax-exempt/taxable		
\$200 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$100 million Bank of America Letter of Credit	P-1	A-1
\$100 million Barclays PLC Letter of Credit	P-1	A-1
\$100 million US Bank Revolving Credit Agreement	N/A	N/A
Certificates of participation - SFPUC Headquarters Project*	Aa1	AA+
Wastewater		
Revenue bonds	Aa2	AA
Commercial paper - \$750 million tax-exempt		
\$200 million State Street Liquidity Facility	P-1	A-1+
\$150 million Bank of America Letter of Credit	P-1	A-1
\$150 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$100 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$75 million Toronto Dominion Bank Liquidity Facility	P-1	A-1+
\$75 million US Bank Revolving Credit Agreement	N/A	N/A
Certificates of participation - SFPUC Headquarters Project*	Aa1	AA+
Hetchy Power		
Revenue bonds**	N/A	AA
Commercial paper - \$250 million tax-exempt		
\$125 million Bank of America Letter of Credit***	N/A	A-1
\$125 million Sumitomo Mitsui Letter of Credit△	N/A	A-1
Certificates of participation - SFPUC Headquarters Project*	Aa1	AA+

*Bonds issued by CCSF and reflects General Fund COP credit rating at issuance.

**Hetchy Power revenue bonds are rated AA- by Fitch.

***Power letter of credit is rated F1+ by Fitch.

△Power letter of credit is rated F1 by Fitch.

Source: Rating agency reports.

**Water, Wastewater, and Hetchy Power
Revenue Bonds Credit Ratings
Fiscal Years Ended 2011 to 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Moody's Investors Service										
Water	Aa2	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa2
Wastewater	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa2
Standard & Poor's										
Water	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
Wastewater	AA-	AA-	AA-	AA-	AA-	AA	AA	AA	AA	AA
Hetchy Power	Zero debt prior to fiscal year 2015				A+	A+	A+	A+	AA	AA

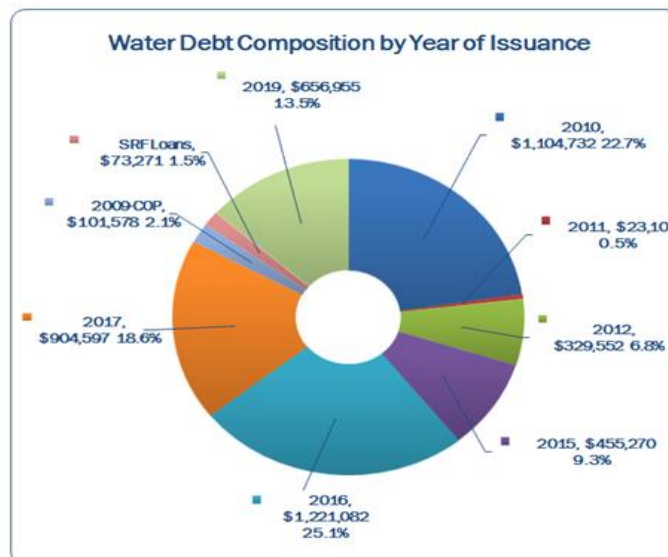
Debt Capacity
Water - Summary of Debt Outstanding (Exclude Commercial Paper)
As of June 30, 2020
(Dollars in Thousands)

Revenue Bonds and Certificates of Participation

Revenue bonds	Amount	Use of proceeds
2010 Series B (Build America Bonds)	\$ 373,420	Water System Improvement Program
2010 Series D	31,370	Water System Improvement Program and partial refunding of 2002A Bonds
2010 Series E (Build America Bonds)	345,397	Water System Improvement Program
2010 Series G (Build America Bonds)	354,545	Water System Improvement Program
2011 Series B	1,517	Hetchy Water Improvements
2011 Series C	1,656	Local Water Main Replacement Project
2011 Series D	19,934	Partial refunding of 2001A Bonds and 2002B Bonds
2012 Series A	228,614	Water System Improvement Program
2012 Series B	16,792	Capital Project Litigation Settlement
2012 Series C1	9,095	Refunded remainder of 2001A Bonds and partial refunding of 2002A Bonds
2012 Series C2	75,051	Refunded remainder of 2001A Bonds and partial refunding of 2002A Bonds
2015 Series A	455,270	Refunded remainder of 2006A Bonds and partial refunding of 2009A Bonds
2016 Series A	874,787	Refunded portion of 2009A, 2009B and 2010F Bonds
2016 Series B	103,683	Refunded remainder of 2006B and 2006C Bonds and portion of 2010A
2016 Series C	242,612	Refund all of outstanding taxable commercial paper notes.
2017 Series A	139,009	Water System Improvement Program
2017 Series B	169,590	Non Water System Improvement Program (Non-WSIP)
2017 Series C	81,136	Hetchy Water Improvements
2017 Series D	413,768	Refund 2011A and 2012A Bonds
2017 Series E	57,601	Refund 2011C, 2011D and 2012C1 Bonds
2017 Series F	10,213	Refund 2011B Bonds
2017 Series G	33,280	Refund 2011A Bonds
2019 Series A	622,580	Refunding Federal Taxable WSIP
2019 Series B	16,450	Refunding Federal Taxable Hetch Hetchy
2019 Series B	17,925	Refunding Federal Taxable Local Water Main
Total revenue bonds	4,695,295	
State of California revolving fund loans	73,271	
Certificates of participation (COPs)		
2009 Series C	9,079	525 Golden Gate Avenue Headquarters Building
2009 Series D (Build America Bonds)	92,499	525 Golden Gate Avenue Headquarters Building
Total certificates of participation (COPs)	101,578	
Total Water debt outstanding	\$ 4,870,144	

Amount shown above are inclusive of unamortized bond premium and discount.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



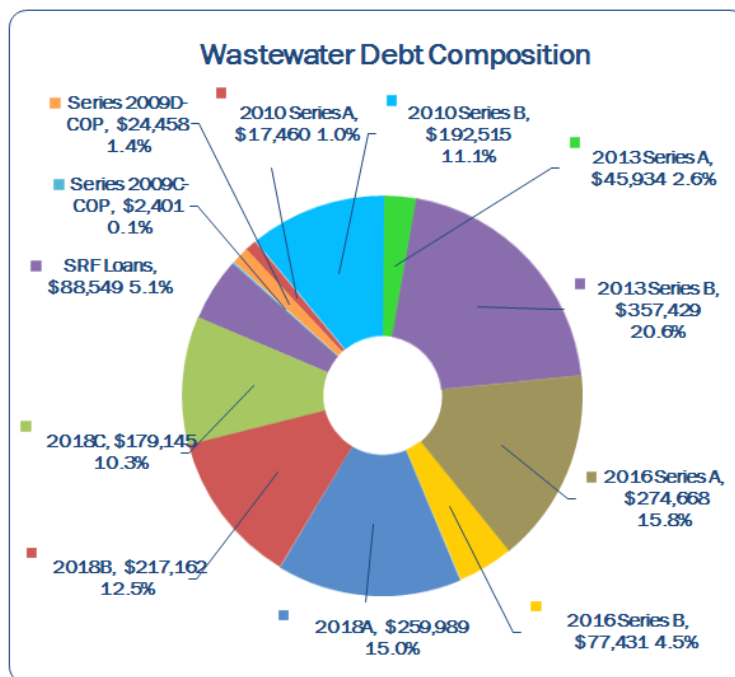
Debt Capacity
Wastewater - Summary of Debt Outstanding (Exclude Commercial Paper)
As of June 30, 2020
(Dollars in Thousands)

Revenue Bonds, Loans and Certificates of Participation

Revenue bonds	Amount	Use of proceeds
2010 Series A	\$ 17,460	Clean Water Capital Improvement Programs
2010 Series B (Build America Bonds)	192,515	Clean Water Capital Improvement Programs
2013 Series A	45,934	Refunded the remaining portion of the 2003 Series A bonds
2013 Series B	357,429	Sewer System Improvement Program
2016 Series A	274,668	Sewer System Improvement Program
2016 Series B	77,431	Sewer System Improvement Program
2018 Series A	259,989	Sewer System Improvement Program
2018 Series B	217,162	Sewer System Improvement Program
2018 Series C	179,145	Sewer System Improvement Program
Total revenue bonds	1,621,733	
State of California revolving fund loans	88,549	Sewer System Improvement Program
Certificates of participation (COPs)		
2009 Series C	2,401	525 Golden Gate Avenue Headquarters Building
2009 Series D (Build America Bonds)	24,458	525 Golden Gate Avenue Headquarters Building
Total certificates of participation (COPs)	26,859	
Total Wastewater debt outstanding	\$ 1,737,141	

Amount shown above are inclusive of unamortized bond premium and discount.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

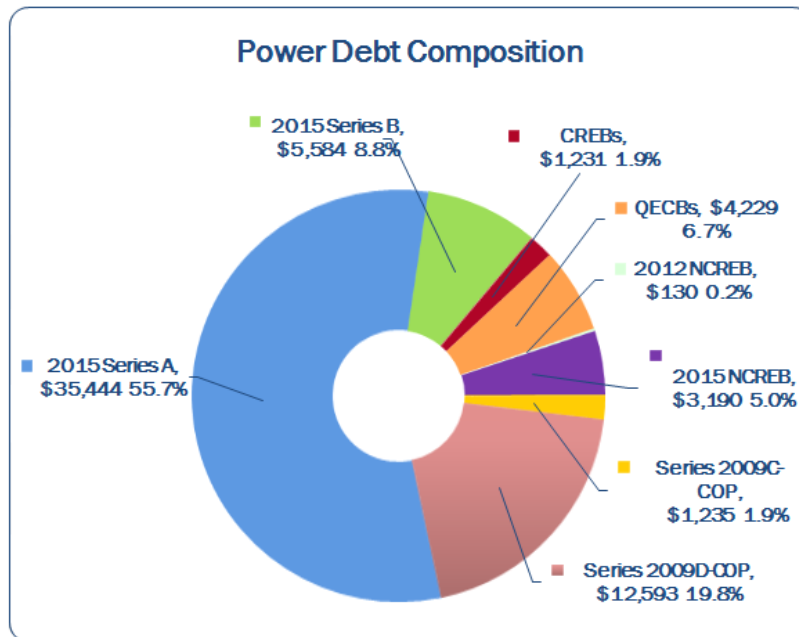


Debt Capacity
Power - Summary of Debt Outstanding (Exclude Commercial Paper)
As of June 30, 2020
(Dollars in Thousands)

Bonds and Certificates of Participation

Revenue Bonds	Amount	Use of proceeds
2015 Series A (Green)	\$ 35,444	Hetch Hetchy facilities
2015 Series B	5,584	Hetch Hetchy facilities
Total revenue bonds	41,028	
Other Bonds		
Clean Renewable Energy Bonds (CREBs)	1,231	Solar energy equipment on city facilities
Qualified Energy Conservation Bonds (QECCBs)	4,229	525 Golden Gate Avenue green energy
2012 New Clean Renewable Energy Bonds (NCREBs)	130	City facilities renewable energy
2015 New Clean Renewable Energy Bonds (NCREBs)	3,190	City facilities renewable energy
Total other bonds	8,780	
Certificates of participation (COPs)		
2009 Series C	1,235	525 Golden Gate Avenue Headquarters Building
2009 Series D (Build America Bonds)	12,593	525 Golden Gate Avenue Headquarters Building
Total certificates of participation (COPs)	13,828	
Total Hetchy Power debt outstanding	\$ 63,636	

Amount shown above are inclusive of unamortized bond premium and discount.
 Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Debt Capacity
History of Outstanding Debt by Type - Principal Only (Exclude Commercial Paper)
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Department-wide

Fiscal Year Ended	Revenue Bonds [^]	Capital Appreciation Bonds*	State Revolving Fund Loans	Certificates of Participation [^]	Total
2011	\$ 3,692,941	\$ 4,155	\$ 46,492	\$ 171,029	\$ 3,914,617
2012	4,990,472	4,450	36,898	170,483	5,202,303
2013	5,194,820	4,767	—	167,219	5,366,806
2014	5,123,609	5,107	—	163,934	5,292,650
2015	5,106,187	5,471	—	160,615	5,272,273
2016	5,389,447	5,860	—	157,207	5,552,514
2017	5,657,792	6,278	—	153,673	5,817,743
2018	5,983,428	6,725	22,607	150,008	6,162,768
2019	6,513,703	2,029	88,032	146,207	6,749,971
2020	6,366,836	—	161,820	142,265	6,670,921

Water

Fiscal Year Ended	Revenue Bonds [^]	State Revolving Fund Loans	Capital Appreciation Bonds*	Certificates of Participation [^]	Total	Service Area by Population	Debt per Capita (in thousands)	Number of Customer Accounts	Debt per Customer Account (in thousands)
2011	\$ 3,198,490	\$ —	\$ 4,155	\$ 122,115	\$ 3,324,760	2,514,582	\$ 1.32	173,033	\$ 19.21
2012	4,505,296	—	4,450	121,726	4,631,472	2,535,093	1.83	173,453	26.70
2013	4,351,610	—	4,767	119,395	4,475,772	2,550,368	1.75	173,744	25.76
2014	4,322,713	—	5,107	117,049	4,444,869	2,595,166	1.71	173,970	25.55
2015	4,298,827	—	5,471	114,680	4,418,978	2,635,893	1.68	174,111	25.38
2016	4,257,454	—	5,860	112,246	4,375,560	2,657,633	1.65	174,083	25.13
2017	4,554,967	—	6,278	109,722	4,670,967	2,680,705	1.74	174,349	26.79
2018	** 4,909,041	—	6,725	107,106	5,022,872	2,705,107	1.86	175,054	28.69
2019	** 4,808,548	—	2,029	104,392	4,914,969	2,729,122	1.80	175,803	27.96
2020	*** 4,695,295	73,271	—	101,578	4,870,144	2,712,312	1.80	176,379	27.61

Wastewater

Fiscal Year Ended	Revenue Bonds [^]	State Revolving Fund Loans	Certificates of Participation [^]	Total	Service Area by Population	Debt per Capita (in thousands)	Number of Customer Accounts	Debt per Customer Account (in thousands)
2011	\$ 489,549	\$ 46,492	\$ 32,289	\$ 568,330	812,826	\$ 0.70	163,041	\$ 3.49
2012	465,792	36,898	32,186	534,876	825,863	0.65	163,316	3.28
2013	824,821	—	31,570	856,391	841,138	1.02	163,445	5.24
2014	783,801	—	30,950	814,751	852,469	0.96	163,537	4.98
2015	747,185	—	30,323	777,508	862,004	0.90	163,686	4.75
2016	1,071,883	—	29,680	1,101,563	876,103	1.26	163,587	6.73
2017	1,044,925	—	29,013	1,073,938	879,166	1.22	163,738	6.56
2018	** 1,019,146	22,607	28,321	1,070,074	880,696	1.22	163,976	6.53
2019	** 1,652,609	88,032	27,603	1,768,244	881,549	2.01	173,956	10.16
2020	*** 1,621,733	88,549	26,859	1,737,141	883,083	1.97	174,516	9.95

Power

Fiscal Years Ended	Revenue Bonds [^]	Certificates of Participation [^]	Total	Number of Customer Accounts	Debt per Customer Account (in thousands)
2011	\$ 4,902	\$ 16,625	\$ 21,527	2,270	\$ 9.48
2012	19,384	16,571	35,955	2,260	15.91
2013	18,389	16,254	34,643	2,257	15.35
2014	17,095	15,935	33,030	2,271	14.54
2015	60,175	15,612	75,787	2,305	32.88
2016	60,110	15,281	75,391	2,627	28.70
2017	57,900	14,938	72,838	3,068	23.74
2018	55,241	14,581	69,822	3,547	19.68
2019	52,546	14,212	66,758	3,747	17.82
2020	49,808	13,828	63,636	4,077	15.61

*No annual payments for Series 1991A Capital Appreciation Bonds.

** Population updated from last year's CAFR with newly available data.

*** 2020 population was estimated by multiplying 2019 population by the 2019 and 2020 population growth rate.

^ Bonds and Certificates of Participation are inclusive of bond premiums and discounts.

Source: San Francisco Public Utilities Commission Water Sewer System and Power Enterprise Billing System, Customer Care and Billing System, Audited Financial Statements, Office of the Controller, City and County of San Francisco and BAWSCA.org.

Debt Capacity
Department-wide - Future Principal and Interest Payments for Debt Issues*
(Exclude Commercial Paper)
(Dollars in Thousands)

Payments Due for FY Ended	Water			Wastewater			Power			SFPUC Total		
	Total Principal	Total Interest	Total Principal & Interest Payments	Total Principal	Total Interest	Total Principal & Interest Payments	Total Principal	Total Interest	Total Principal & Interest Payments	Total Principal	Total Interest	Total Principal & Interest Payments
2021	\$ 96,904	196,286	293,190	26,445	63,718	90,163	2,499	2,485	4,984	125,848	262,489	388,337
2022	113,101	186,338	299,439	26,059	62,991	89,050	2,430	2,420	4,850	141,590	251,749	393,339
2023	130,301	181,598	311,899	37,607	61,598	99,205	2,493	2,355	4,848	170,401	245,552	415,953
2024	136,176	176,043	312,219	40,249	61,575	101,824	2,132	2,292	4,424	178,557	239,911	418,468
2025	141,947	170,207	312,154	40,359	61,465	101,824	2,191	2,230	4,421	184,497	233,903	418,399
2026	152,792	163,827	316,619	42,181	59,670	101,851	2,255	2,162	4,417	197,228	225,659	422,887
2027	158,889	156,832	315,721	44,107	57,775	101,882	2,321	2,092	4,413	205,317	216,698	422,016
2028	164,768	149,461	314,229	46,135	55,735	101,870	2,099	2,010	4,109	213,002	207,206	420,208
2029	172,516	141,716	314,232	48,265	53,594	101,860	1,884	1,929	3,813	222,665	197,240	419,905
2030	181,471	133,548	315,019	50,504	51,342	101,846	1,961	1,847	3,808	233,936	186,737	420,673
2031	188,588	125,353	313,941	52,859	48,976	101,836	2,049	1,758	3,807	243,496	176,087	419,583
2032	198,192	117,176	315,368	55,334	46,487	101,821	2,133	1,669	3,802	255,659	165,331	420,990
2033	201,612	108,386	309,998	57,931	43,870	101,802	2,087	1,573	3,660	261,630	153,829	415,459
2034	210,875	99,049	309,923	60,587	41,207	101,794	2,043	1,477	3,520	273,505	141,733	415,237
2035	219,102	89,378	308,479	63,280	38,498	101,778	2,137	1,376	3,513	284,519	129,252	413,771
2036	235,049	79,632	314,681	66,102	35,666	101,768	2,241	1,271	3,512	303,392	116,569	419,961
2037	247,680	69,914	317,594	69,059	32,696	101,754	2,348	1,162	3,510	319,087	103,771	422,858
2038	227,639	60,666	288,305	72,073	29,661	101,734	2,461	1,047	3,508	302,173	91,374	393,547
2039	236,789	51,632	288,421	75,151	26,561	101,712	2,575	926	3,501	314,515	79,119	393,634
2040	246,140	42,054	288,194	78,298	23,397	101,695	2,700	800	3,500	327,138	66,251	393,389
2041	204,751	33,075	237,826	81,513	20,166	101,679	2,827	667	3,494	289,091	53,908	342,999
2042	160,346	25,779	186,125	84,868	16,794	101,662	2,961	530	3,491	248,175	43,103	291,278
2043	111,566	20,380	131,946	86,487	13,314	99,801	2,125	405	2,530	200,178	34,099	234,277
2044	116,032	15,898	131,930	51,459	10,523	61,982	2,230	296	2,526	169,721	26,716	196,437
2045	55,268	12,371	67,639	53,522	8,455	61,977	2,340	181	2,521	111,130	21,007	132,137
2046	57,775	9,831	67,606	55,626	6,356	61,983	2,460	62	2,522	115,861	16,249	132,110
2047	60,406	7,172	67,578	57,807	4,166	61,973	-	-	-	118,213	11,338	129,550
2048	48,288	4,699	52,987	39,093	2,313	41,406	-	-	-	87,381	7,011	94,393
2049	26,601	3,015	29,616	38,581	804	39,385	-	-	-	65,182	3,819	69,000
2050	27,728	1,852	29,580	1,868	37	1,905	-	-	-	29,596	1,889	31,485
2051	28,912	635	29,547	254	4	258	-	-	-	29,166	639	29,806
Total	\$ 4,558,203	2,633,801	7,192,004	1,603,665	1,039,416	2,643,081	59,981	37,021	97,002	6,221,849	3,710,238	9,932,087

May not total due to rounding.

* Principal and interest (net of federal interest subsidy) includes bonds, COPs and state revolving funds.

Source: San Francisco Public Utilities Commission Official Statements.

**Debt Capacity
Water - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)**

Principal Payments										
Payments Due for FY Ended	State Revolving Fund Loans	COPs Series 2009C	COPs Series 2009D	2010B	2010D	2010E	2010G	2011B	2011C	2011D
2021	\$ —	2,824	—	11,920	17,640	—	—	730	795	—
2022	2,106	2,970	—	12,330	13,350	—	—	755	825	—
2023	2,127	3,124	—	12,780	—	12,745	—	—	—	6,060
2024	2,149	—	3,267	13,245	—	13,165	—	—	—	6,375
2025	2,170	—	3,402	13,725	—	13,610	—	—	—	6,700
2026	2,192	—	3,545	14,225	—	14,080	—	—	—	—
2027	2,214	—	3,695	14,765	—	14,585	—	—	—	—
2028	2,236	—	3,852	15,355	—	15,125	—	—	—	—
2029	2,258	—	4,013	15,965	—	15,715	—	—	—	—
2030	2,281	—	4,180	16,600	—	16,340	—	—	—	—
2031	2,304	—	4,359	17,260	—	16,990	—	—	—	—
2032	2,327	—	4,545	17,945	—	17,665	11,060	—	—	—
2033	2,350	—	4,737	18,660	—	18,365	11,575	—	—	—
2034	2,374	—	4,941	19,405	—	19,095	12,110	—	—	—
2035	2,397	—	5,155	20,175	—	19,855	12,665	—	—	—
2036	2,421	—	5,373	20,980	—	20,645	13,255	—	—	—
2037	2,445	—	5,605	21,810	—	21,470	13,865	—	—	—
2038	2,470	—	5,844	22,680	—	22,320	14,505	—	—	—
2039	2,495	—	6,094	23,580	—	23,210	15,175	—	—	—
2040	2,520	—	6,355	24,520	—	24,130	15,880	—	—	—
2041	2,545	—	6,626	25,495	—	25,090	16,610	—	—	—
2042	2,570	—	6,911	—	—	—	17,380	—	—	—
2043	2,596	—	—	—	—	—	18,180	—	—	—
2044	2,622	—	—	—	—	—	19,025	—	—	—
2045	2,648	—	—	—	—	—	19,900	—	—	—
2046	2,675	—	—	—	—	—	20,820	—	—	—
2047	2,701	—	—	—	—	—	21,785	—	—	—
2048	2,728	—	—	—	—	—	22,790	—	—	—
2049	2,756	—	—	—	—	—	23,845	—	—	—
2050	2,783	—	—	—	—	—	24,945	—	—	—
2051	2,812	—	—	—	—	—	26,100	—	—	—
Total	\$ 73,271	8,918	92,499	373,420	30,990	344,200	351,470	1,485	1,620	19,135

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Water - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Principal Payments										
Payments Due for FY Ended	2012A	2012B	2012C1	2012C2	2015A	2016A	2016B	2016C	2017A	2017B
2021	\$ —	—	—	—	14,635	19,955	14,455	5,705	—	—
2022	—	—	—	—	15,325	23,315	10,015	5,820	—	—
2023	—	—	—	—	16,045	32,790	12,530	5,955	2,325	2,835
2024	—	—	—	—	28,070	23,590	13,175	6,105	2,445	2,985
2025	—	—	—	—	29,485	24,800	13,720	6,275	2,570	3,135
2026	—	—	—	7,275	30,990	26,050	7,715	6,455	2,705	3,295
2027	—	—	—	7,650	20,945	38,150	8,015	6,645	2,840	3,465
2028	—	—	—	8,040	20,530	46,305	3,815	6,850	2,990	3,645
2029	—	—	—	8,450	21,580	48,655	3,990	7,075	3,140	3,830
2030	—	—	—	8,880	22,685	51,135	4,180	7,310	3,300	4,025
2031	—	—	—	9,340	23,810	53,460	4,370	7,565	3,470	4,230
2032	—	975	8,465	9,770	25,000	34,135	—	7,835	3,650	4,450
2033	—	1,015	—	10,165	26,280	35,875	—	8,120	3,835	4,680
2034	—	1,055	—	—	27,490	37,710	—	8,435	4,035	4,920
2035	—	1,105	—	—	28,610	39,670	—	8,760	4,240	5,170
2036	—	1,160	—	—	29,765	41,745	—	9,110	4,455	5,435
2037	—	1,215	—	—	31,135	43,670	—	9,475	4,685	5,715
2038	—	1,260	—	—	—	45,455	—	9,860	4,925	6,005
2039	50,930	1,315	—	—	—	47,305	—	10,265	5,180	6,315
2040	53,010	1,370	—	—	—	49,235	—	10,685	5,445	6,640
2041	55,175	1,425	—	—	—	—	—	11,125	5,725	6,980
2042	57,425	1,480	—	—	—	—	—	11,585	6,015	7,335
2043	—	1,540	—	—	—	—	—	12,070	6,325	7,715
2044	—	1,605	—	—	—	—	—	12,590	6,650	8,110
2045	—	—	—	—	—	—	—	13,125	6,990	8,525
2046	—	—	—	—	—	—	—	13,685	7,350	8,960
2047	—	—	—	—	—	—	—	14,270	7,725	9,420
2048	—	—	—	—	—	—	—	—	8,125	9,905
2049	—	—	—	—	—	—	—	—	—	—
2050	—	—	—	—	—	—	—	—	—	—
2051	—	—	—	—	—	—	—	—	—	—
Total	\$ 216,540	16,520	8,465	69,570	412,380	763,005	95,980	242,755	121,140	147,725

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

**Debt Capacity
Water - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)**

		Principal Payments							Total
Payments Due for FY Ended	2017C	2017D	2017E	2017F	2017G	2019A	2019B	2019C	Principal Payments
2021	\$ —	890	—	—	500	6,855	—	—	96,904
2022	—	925	—	—	820	24,405	65	75	113,101
2023	1,355	1,455	765	700	13,070	3,495	70	75	130,301
2024	1,425	1,270	795	735	13,665	3,565	70	80	136,176
2025	1,500	10,230	835	770	5,225	3,640	75	80	141,947
2026	1,575	20,515	7,425	875	—	3,720	75	80	152,792
2027	1,660	21,540	7,830	920	—	3,805	80	85	158,889
2028	1,745	22,615	6,630	965	—	3,900	80	90	164,768
2029	1,830	23,740	7,080	1,020	—	4,000	85	90	172,516
2030	1,925	24,935	8,555	855	—	4,105	85	95	181,471
2031	2,025	26,140	7,960	905	—	4,215	90	95	188,588
2032	2,130	14,980	1,015	960	—	31,095	90	100	198,192
2033	2,240	46,855	—	—	—	4,055	1,340	1,465	201,612
2034	2,355	59,875	—	—	—	4,180	1,385	1,510	210,875
2035	2,475	61,540	—	—	—	4,310	1,425	1,550	219,102
2036	2,600	11,105	—	—	—	63,930	1,470	1,600	235,049
2037	2,735	—	—	—	—	80,670	1,525	1,660	247,680
2038	2,875	—	—	—	—	86,145	1,575	1,720	227,639
2039	3,020	—	—	—	—	38,500	1,630	1,775	236,789
2040	3,175	—	—	—	—	39,650	1,690	1,835	246,140
2041	3,340	—	—	—	—	40,970	1,745	1,900	204,751
2042	3,510	—	—	—	—	42,370	1,800	1,965	160,346
2043	3,690	—	—	—	—	59,450	—	—	111,566
2044	3,880	—	—	—	—	61,550	—	—	116,032
2045	4,080	—	—	—	—	—	—	—	55,268
2046	4,285	—	—	—	—	—	—	—	57,775
2047	4,505	—	—	—	—	—	—	—	60,406
2048	4,740	—	—	—	—	—	—	—	48,288
2049	—	—	—	—	—	—	—	—	26,601
2050	—	—	—	—	—	—	—	—	27,728
2051	—	—	—	—	—	—	—	—	28,912
Total	\$ 70,675	348,610	48,890	8,705	33,280	622,580	16,450	17,925	4,558,203

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Water - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments										
Payments Due for FY Ended	State Revolving Fund Loans	COPs Series 2009C	COPs 2009D Before Subsidy	2010B Before Subsidy	2010D	2010E Before Subsidy	2010G Before Subsidy	2011B	2011C	2011D
2021	\$ —	375	5,968	21,648	841	20,062	24,427	45	49	957
2022	733	230	5,968	21,020	200	20,062	24,427	15	16	957
2023	712	78	5,968	20,329	—	19,748	24,427	—	—	805
2024	690	—	5,864	19,613	—	19,104	24,427	—	—	494
2025	669	—	5,652	18,871	—	18,417	24,427	—	—	168
2026	647	—	5,430	18,102	—	17,691	24,427	—	—	—
2027	625	—	5,201	17,269	—	16,917	24,427	—	—	—
2028	603	—	4,960	16,365	—	16,084	24,427	—	—	—
2029	581	—	4,710	15,426	—	15,182	24,427	—	—	—
2030	558	—	4,450	14,448	—	14,219	24,428	—	—	—
2031	535	—	4,176	13,433	—	13,219	24,428	—	—	—
2032	512	—	3,887	12,376	—	12,180	24,043	—	—	—
2033	489	—	3,585	11,278	—	11,099	23,256	—	—	—
2034	466	—	3,272	10,136	—	9,976	22,433	—	—	—
2035	442	—	2,944	8,950	—	8,809	21,572	—	—	—
2036	418	—	2,602	7,714	—	7,593	20,672	—	—	—
2037	394	—	2,247	6,430	—	6,329	19,729	—	—	—
2038	369	—	1,875	5,096	—	5,015	18,743	—	—	—
2039	344	—	1,488	3,708	—	3,650	17,712	—	—	—
2040	320	—	1,084	2,265	—	2,229	16,633	—	—	—
2041	294	—	664	765	—	753	15,504	—	—	—
2042	269	—	224	—	—	—	14,323	—	—	—
2043	243	—	—	—	—	—	13,087	—	—	—
2044	217	—	—	—	—	—	11,794	—	—	—
2045	191	—	—	—	—	—	10,441	—	—	—
2046	165	—	—	—	—	—	9,026	—	—	—
2047	138	—	—	—	—	—	7,546	—	—	—
2048	111	—	—	—	—	—	5,997	—	—	—
2049	83	—	—	—	—	—	4,376	—	—	—
2050	56	—	—	—	—	—	2,681	—	—	—
2051	27	—	—	—	—	—	907	—	—	—
Total	\$ 11,902	683	82,220	265,242	1,041	258,338	549,174	60	65	3,381

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Water - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments											
Payments Due for FY Ended	2012A	2012B	2012C1	2012C2	2015A	2016A	2016B	2016C	2017A	2017B	2017C
2021	\$ 8,662	683	339	3,279	19,124	35,260	3,880	8,866	6,057	7,386	3,534
2022	8,662	683	339	3,279	18,430	34,178	3,274	8,748	6,057	7,386	3,534
2023	8,662	683	339	3,279	17,708	32,776	2,723	8,614	5,999	7,315	3,500
2024	8,662	683	339	3,279	16,643	31,366	2,099	8,463	5,880	7,170	3,430
2025	8,662	684	339	3,280	15,223	30,157	1,569	8,298	5,754	7,017	3,357
2026	8,662	684	339	3,098	13,721	28,885	1,209	8,118	5,622	6,856	3,280
2027	8,662	684	338	2,724	12,421	27,280	894	7,925	5,484	6,687	3,200
2028	8,662	684	338	2,332	11,385	25,169	639	7,719	5,338	6,509	3,114
2029	8,662	684	338	1,920	10,332	22,795	464	7,498	5,185	6,323	3,025
2030	8,662	684	338	1,487	9,225	20,300	279	7,260	5,024	6,126	2,931
2031	8,662	684	338	1,031	8,097	17,952	87	7,007	4,855	5,920	2,832
2032	8,662	664	169	602	6,915	16,030	—	6,738	4,676	5,703	2,729
2033	8,661	624	—	203	5,632	14,280	—	6,448	4,489	5,475	2,619
2034	8,661	583	—	—	4,425	12,440	—	6,138	4,293	5,235	2,504
2035	8,661	534	—	—	3,303	10,506	—	5,809	4,086	4,982	2,384
2036	8,661	477	—	—	2,145	8,470	—	5,463	3,868	4,717	2,257
2037	8,661	424	—	—	778	6,554	—	5,098	3,640	4,438	2,123
2038	8,661	375	—	—	—	4,771	—	4,712	3,400	4,145	1,983
2039	7,643	323	—	—	—	2,916	—	4,306	3,147	3,837	1,836
2040	5,564	269	—	—	—	985	—	3,883	2,881	3,514	1,681
2041	3,400	214	—	—	—	—	—	3,443	2,602	3,173	1,518
2042	1,148	155	—	—	—	—	—	2,985	2,309	2,815	1,347
2043	—	95	—	—	—	—	—	2,499	2,000	2,438	1,166
2044	—	31	—	—	—	—	—	1,983	1,676	2,043	978
2045	—	—	—	—	—	—	—	1,445	1,335	1,627	779
2046	—	—	—	—	—	—	—	884	976	1,190	569
2047	—	—	—	—	—	—	—	299	599	731	350
2048	—	—	—	—	—	—	—	—	203	248	119
2049	—	—	—	—	—	—	—	—	—	—	—
2050	—	—	—	—	—	—	—	—	—	—	—
2051	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 173,665	12,288	3,893	29,793	175,507	383,070	17,117	150,647	107,434	131,006	62,677

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Water - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments										
Payments Due for FY Ended	2017D	2017E	2017F	2017G	2019A	2019B	2019C	Federal Interest Subsidy	Total Interest Payments Net of Subsidy	Total Principal & Interest Payments
2021	\$ 17,290	2,395	435	904	26,083	736	801	(23,798)	196,286	293,190
2022	17,254	2,395	435	888	19,589	560	610	(23,591)	186,338	299,439
2023	17,199	2,376	418	706	19,328	558	608	(23,260)	181,598	311,899
2024	17,131	2,337	382	344	19,258	556	605	(22,776)	176,043	312,219
2025	16,843	2,296	344	76	19,185	553	603	(22,235)	170,207	312,154
2026	16,074	2,090	303	—	19,105	551	600	(21,668)	163,827	316,619
2027	15,023	1,709	258	—	19,018	549	598	(21,061)	156,832	315,721
2028	13,919	1,347	211	—	18,924	546	595	(20,409)	149,461	314,229
2029	12,760	1,004	162	—	18,825	543	592	(19,720)	141,716	314,232
2030	11,543	613	115	—	18,722	541	589	(18,994)	133,548	315,019
2031	10,307	220	71	—	18,611	538	586	(18,237)	125,353	313,941
2032	9,331	20	24	—	18,119	535	583	(17,324)	117,176	315,368
2033	7,797	—	—	—	17,623	513	558	(16,245)	108,386	309,998
2034	5,129	—	—	—	17,499	470	511	(15,122)	99,049	309,923
2035	2,094	—	—	—	17,367	425	463	(13,953)	89,378	308,479
2036	278	—	—	—	16,244	377	411	(12,734)	79,632	314,681
2037	—	—	—	—	13,856	324	353	(11,464)	69,914	317,594
2038	—	—	—	—	11,101	270	294	(10,143)	60,666	288,305
2039	—	—	—	—	9,042	213	232	(8,765)	51,632	288,421
2040	—	—	—	—	7,752	155	168	(7,331)	42,054	288,194
2041	—	—	—	—	6,385	94	103	(5,837)	33,075	237,826
2042	—	—	—	—	4,938	32	35	(4,801)	25,779	186,125
2043	—	—	—	—	3,170	—	—	(4,319)	20,380	131,946
2044	—	—	—	—	1,069	—	—	(3,893)	15,898	131,930
2045	—	—	—	—	—	—	—	(3,446)	12,371	67,639
2046	—	—	—	—	—	—	—	(2,979)	9,831	67,606
2047	—	—	—	—	—	—	—	(2,490)	7,172	67,578
2048	—	—	—	—	—	—	—	(1,979)	4,699	52,987
2049	—	—	—	—	—	—	—	(1,444)	3,015	29,616
2050	—	—	—	—	—	—	—	(885)	1,852	29,580
2051	—	—	—	—	—	—	—	(299)	635	29,547
Total	\$ 189,972	18,801	3,158	2,917	360,813	9,639	10,499	(381,201)	2,633,802	7,192,005

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Principal Payments							
Payments Due for FY Ended	State Revolving Fund Loans	COPs Series 2009C	COPs Series 2009D	2010A	2010B	2013A	2013B
2021	\$ 2,458	747	—	8,390	—	14,850	—
2022	2,394	785	—	8,820	—	14,060	—
2023	2,436	826	—	—	7,280	13,090	—
2024	2,480	—	864	—	7,505	575	8,835
2025	2,524	—	900	—	7,745	610	9,280
2026	2,569	—	937	—	8,000	1,260	9,130
2027	2,615	—	977	—	8,270	—	10,915
2028	2,662	—	1,018	—	8,560	—	11,475
2029	2,709	—	1,061	—	8,860	—	12,065
2030	2,758	—	1,106	—	9,180	—	12,680
2031	2,807	—	1,152	—	9,520	—	13,330
2032	2,857	—	1,202	—	9,875	—	14,015
2033	2,908	—	1,253	—	10,250	—	14,735
2034	2,960	—	1,307	—	10,640	—	15,415
2035	3,013	—	1,362	—	11,045	—	16,045
2036	3,067	—	1,420	—	11,470	—	16,695
2037	3,122	—	1,482	—	11,910	—	17,375
2038	3,178	—	1,545	—	12,365	—	18,090
2039	3,234	—	1,612	—	12,845	—	18,820
2040	3,292	—	1,681	—	13,340	—	19,590
2041	3,351	—	1,752	—	13,855	—	20,390
2042	3,411	—	1,827	—	—	—	35,625
2043	3,472	—	—	—	—	—	37,080
2044	3,534	—	—	—	—	—	—
2045	3,597	—	—	—	—	—	—
2046	3,661	—	—	—	—	—	—
2047	3,727	—	—	—	—	—	—
2048	3,793	—	—	—	—	—	—
2049	1,836	—	—	—	—	—	—
2050	1,868	—	—	—	—	—	—
2051	254	—	—	—	—	—	—
Total	\$ 88,549	2,358	24,458	17,210	192,515	44,445	331,585

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Payments Due for FY Ended	Principal Payments					Total Principal Payments
	2016A	2016B	2018A	2018B	2018C	
2021 \$	—	—	—	—	—	26,445
2022	—	—	—	—	—	26,059
2023	—	—	7,715	6,260	—	37,607
2024	5,475	1,545	7,160	5,810	—	40,249
2025	5,760	1,625	6,580	5,335	—	40,359
2026	6,055	1,705	6,915	5,610	—	42,181
2027	6,365	1,795	7,270	5,900	—	44,107
2028	6,690	1,885	7,645	6,200	—	46,135
2029	7,035	1,980	8,035	6,520	—	48,265
2030	7,395	2,085	8,445	6,855	—	50,504
2031	7,775	2,190	8,880	7,205	—	52,859
2032	8,170	2,305	9,335	7,575	—	55,334
2033	8,590	2,420	9,815	7,960	—	57,931
2034	9,030	2,545	10,315	8,375	—	60,587
2035	9,495	2,675	10,845	8,800	—	63,280
2036	9,980	2,815	11,400	9,255	—	66,102
2037	10,495	2,960	11,985	9,730	—	69,059
2038	10,975	3,095	12,600	10,225	—	72,073
2039	11,425	3,220	13,245	10,750	—	75,151
2040	11,890	3,350	13,880	11,275	—	78,298
2041	12,375	3,490	14,510	11,790	—	81,513
2042	12,880	3,630	15,170	12,325	—	84,868
2043	13,405	3,780	15,860	12,890	—	86,487
2044	13,955	3,935	11,445	9,305	9,285	51,459
2045	14,520	4,095	—	—	31,310	53,522
2046	15,115	4,260	—	—	32,590	55,626
2047	15,730	4,435	—	—	33,915	57,807
2048	—	—	—	—	35,300	39,093
2049	—	—	—	—	36,745	38,581
2050	—	—	—	—	—	1,868
2051	—	—	—	—	—	254
Total	\$ 240,580	67,820	229,050	185,950	179,145	1,603,665

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments								
Payments Due for FY Ended	State Revolving Fund Loans	COPs Series 2009C	COPs 2009D Before Subsidy	2010A	2010B Before Subsidy	2013A	2013B	2016A
2021	\$ 1,123	99	1,578	651	10,685	1,707	14,428	10,646
2022	1,537	61	1,578	220	10,685	1,035	14,428	10,646
2023	1,495	21	1,578	—	10,516	405	14,428	10,646
2024	1,451	—	1,551	—	10,169	89	14,207	10,509
2025	1,407	—	1,494	—	9,801	63	13,754	10,228
2026	1,362	—	1,436	—	9,409	25	13,294	9,963
2027	1,316	—	1,375	—	8,992	—	12,793	9,683
2028	1,269	—	1,312	—	8,550	—	12,233	9,356
2029	1,221	—	1,246	—	8,084	—	11,645	9,013
2030	1,173	—	1,177	—	7,592	—	11,026	8,652
2031	1,124	—	1,104	—	7,073	—	10,376	8,273
2032	1,074	—	1,027	—	6,523	—	9,692	7,875
2033	1,023	—	948	—	5,945	—	8,973	7,455
2034	970	—	865	—	5,344	—	8,297	7,015
2035	918	—	778	—	4,720	—	7,667	6,552
2036	864	—	689	—	4,073	—	7,013	6,066
2037	809	—	594	—	3,397	—	6,331	5,553
2038	753	—	496	—	2,690	—	5,622	5,071
2039	697	—	393	—	1,957	—	4,884	4,623
2040	639	—	287	—	1,194	—	4,116	4,157
2041	580	—	175	—	403	—	3,316	3,672
2042	520	—	59	—	—	—	2,196	3,167
2043	459	—	—	—	—	—	741	2,641
2044	397	—	—	—	—	—	—	2,094
2045	334	—	—	—	—	—	—	1,524
2046	270	—	—	—	—	—	—	932
2047	204	—	—	—	—	—	—	314
2048	137	—	—	—	—	—	—	—
2049	70	—	—	—	—	—	—	—
2050	37	—	—	—	—	—	—	—
2051	4	—	—	—	—	—	—	—
Total	\$ 25,237	181	21,740	871	137,802	3,324	211,460	176,326

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments for Debt Issues
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments							
Payments Due for FY Ended	2016B	2018A	2018B	2018C	Federal Interest Subsidy	Total Interest Payments Net of Subsidy	Total Principal & Interest Payments
2021	\$ 3,001	10,744	9,298	3,806	(4,048)	63,718	90,163
2022	3,001	10,744	9,298	3,807	(4,048)	62,991	89,050
2023	3,001	10,551	9,141	3,807	(3,992)	61,598	99,205
2024	2,962	10,179	8,839	5,486	(3,868)	61,575	101,824
2025	2,883	9,836	8,561	7,166	(3,727)	61,465	101,824
2026	2,809	9,498	8,287	7,166	(3,579)	59,670	101,851
2027	2,729	9,144	7,999	7,166	(3,422)	57,775	101,882
2028	2,637	8,771	7,697	7,166	(3,255)	55,735	101,870
2029	2,541	8,379	7,379	7,166	(3,079)	53,594	101,860
2030	2,439	7,967	7,044	7,166	(2,894)	51,342	101,846
2031	2,333	7,534	6,693	7,166	(2,699)	48,976	101,836
2032	2,220	7,078	6,323	7,166	(2,492)	46,487	101,821
2033	2,101	6,599	5,935	7,166	(2,275)	43,870	101,802
2034	1,977	6,096	5,527	7,166	(2,050)	41,207	101,794
2035	1,847	5,567	5,097	7,166	(1,814)	38,498	101,778
2036	1,710	5,011	4,646	7,166	(1,572)	35,666	101,768
2037	1,565	4,426	4,171	7,166	(1,317)	32,696	101,754
2038	1,430	3,812	3,672	7,166	(1,051)	29,661	101,734
2039	1,303	3,166	3,148	7,166	(776)	26,561	101,712
2040	1,172	2,557	2,597	7,166	(488)	23,397	101,695
2041	1,035	1,989	2,021	7,166	(191)	20,166	101,679
2042	893	1,396	1,418	7,166	(20)	16,794	101,663
2043	745	775	788	7,166	—	13,314	99,801
2044	590	229	233	6,980	—	10,523	61,982
2045	429	—	—	6,168	—	8,455	61,977
2046	264	—	—	4,890	—	6,356	61,983
2047	88	—	—	3,560	—	4,166	61,973
2048	—	—	—	2,176	—	2,313	41,406
2049	—	—	—	734	—	804	39,385
2050	—	—	—	—	—	37	1,905
2051	—	—	—	—	—	4	258
Total	\$ 49,705	152,048	135,811	177,566	(52,657)	1,039,416	2,643,081

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Power - Future Principal and Interest Payments for Debt Issues
(Dollars in Thousands)

Principal Payments									
Payments Due for FY Ended	Clean Renewable Energy Bonds 2008*	COPs Series 2009C	COPs Series 2009D	Qualified Energy Conservation Bonds 2011	New Clean Renewable Energy Bonds 2012	2015A	2015B	New Clean Renewable Energy Bonds 2015	Total Principal Payments
2021	\$ 422	384	—	542	130	—	785	236	2,499
2022	422	405	—	549	—	—	815	239	2,430
2023	421	425	—	555	—	—	850	242	2,493
2024	—	—	445	562	—	—	880	245	2,132
2025	—	—	463	569	—	—	910	249	2,191
2026	—	—	483	575	—	—	945	252	2,255
2027	—	—	503	582	—	830	150	256	2,321
2028	—	—	524	295	—	1,020	—	260	2,099
2029	—	—	546	—	—	1,075	—	263	1,884
2030	—	—	569	—	—	1,125	—	267	1,961
2031	—	—	593	—	—	1,185	—	271	2,049
2032	—	—	619	—	—	1,240	—	274	2,133
2033	—	—	645	—	—	1,305	—	137	2,087
2034	—	—	673	—	—	1,370	—	—	2,043
2035	—	—	702	—	—	1,435	—	—	2,137
2036	—	—	731	—	—	1,510	—	—	2,241
2037	—	—	763	—	—	1,585	—	—	2,348
2038	—	—	796	—	—	1,665	—	—	2,461
2039	—	—	830	—	—	1,745	—	—	2,575
2040	—	—	865	—	—	1,835	—	—	2,700
2041	—	—	902	—	—	1,925	—	—	2,827
2042	—	—	941	—	—	2,020	—	—	2,961
2043	—	—	—	—	—	2,125	—	—	2,125
2044	—	—	—	—	—	2,230	—	—	2,230
2045	—	—	—	—	—	2,340	—	—	2,340
2046	—	—	—	—	—	2,460	—	—	2,460
Total	\$ 1,265	1,214	12,593	4,229	130	32,025	5,335	3,190	59,981

(Continued)

May not total due to rounding.
*No interest payments are required.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Power - Future Principal and Interest Payments for Debt Issues
(Dollars in Thousands)

Interest Payments										
Payments Due for FY Ended	COPs Series 2009C	COPs 2009D Before Subsidy	QECBs 2011 Before Subsidy	NCREBs 2012 Before Subsidy	2015A	2015B	NCREBs 2015 Before Subsidy	Federal Interest Subsidy	Total Interest Payments Net of Subsidy	Total Principal & Interest Payments
2021	\$ 51	812	194	3	1,593	189	145	(502)	2,485	4,984
2022	31	812	168	—	1,593	157	134	(475)	2,420	4,850
2023	10	812	142	—	1,593	124	123	(449)	2,355	4,848
2024	—	798	116	—	1,593	93	111	(419)	2,292	4,424
2025	—	769	89	—	1,593	62	100	(383)	2,230	4,421
2026	—	739	62	—	1,593	25	89	(346)	2,162	4,417
2027	—	709	35	—	1,576	3	78	(309)	2,092	4,413
2028	—	675	7	—	1,534	—	65	(271)	2,010	4,109
2029	—	641	—	—	1,482	—	53	(247)	1,929	3,813
2030	—	606	—	—	1,427	—	41	(227)	1,847	3,808
2031	—	568	—	—	1,369	—	28	(207)	1,758	3,807
2032	—	530	—	—	1,308	—	16	(185)	1,669	3,802
2033	—	488	—	—	1,245	—	3	(163)	1,573	3,660
2034	—	446	—	—	1,178	—	—	(147)	1,477	3,520
2035	—	400	—	—	1,108	—	—	(132)	1,376	3,513
2036	—	354	—	—	1,034	—	—	(117)	1,271	3,512
2037	—	306	—	—	957	—	—	(101)	1,162	3,510
2038	—	255	—	—	876	—	—	(84)	1,047	3,508
2039	—	203	—	—	790	—	—	(67)	926	3,501
2040	—	148	—	—	701	—	—	(49)	800	3,500
2041	—	90	—	—	607	—	—	(30)	667	3,494
2042	—	32	—	—	508	—	—	(10)	530	3,491
2043	—	—	—	—	405	—	—	—	405	2,530
2044	—	—	—	—	296	—	—	—	296	2,526
2045	—	—	—	—	181	—	—	—	181	2,521
2046	—	—	—	—	62	—	—	—	62	2,522
Total	\$ 92	11,193	813	3	28,202	653	984	(4,919)	37,021	97,002

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Demographic and Economic Information

City and County of San Francisco Economic and General Information

Summary of Accounts by Type of Customer

Water Accounts and Billings

Historical Water Sales in Hundred Cubic Feet

Historical Water Sales in Millions of Gallons per Day

Historical Water Sales in Millions of Gallons

Wholesale Water Customers

Accounts and Billings by Type of Customer

Historical Hetchy Water Sales

Historical Hetchy Power Electric Sales

Historical CleanPowerSF Electric Sales



Photo by: Robin Scheswohl

Calaveras Dam

City and County of San Francisco Economic and General Information

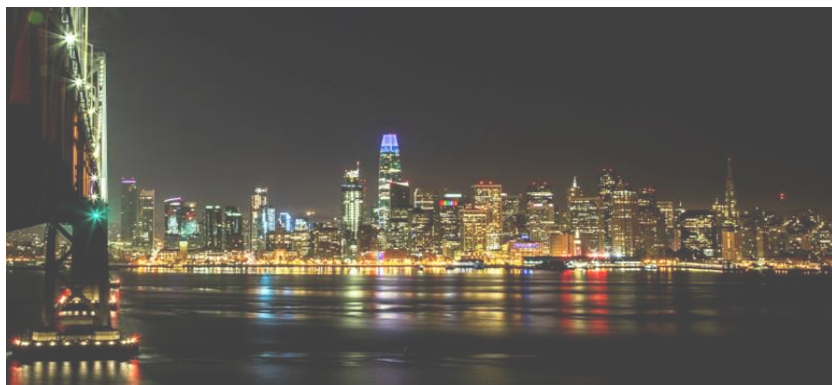
The following provides general economic and demographic information about the City and County of San Francisco (the “City”).

San Francisco Area

The corporate limits of the City encompass over 93 square miles, of which approximately 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay (the “Bay”). The City is located on a peninsula bounded by the Pacific Ocean to the west, the Bay to the east, the entrance to the Bay and the Golden Gate Bridge to the north and San Mateo County to the south.

San Francisco Economy

San Francisco benefits from a highly skilled, educated and professional labor force. Key industries include high tech, tourism, real estate, banking and finance, retailing, apparel design and manufacturing. Emerging industries include multimedia and bioscience. The City is the economic center of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano and Sonoma Counties (the “Bay Area”). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail and entertainment, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, technology, multimedia and advertising, biotechnology, and higher education.



As of June 30, 2020, due to COVID-19, the employment decreased by 67,100 or 11.9%, from 565,900 to 498,800 employed, according to California Employment Development Department. Besides employment, the housing prices for condos in San Francisco Mission Bay, South of Market areas has weakened with 81% of the listing have reduced the asking prices. Although the economy faced changes, as of August, 2020 the

median home prices increased by \$24,500 from \$1,578,000 to \$1,602,500, a 1.6% increase from last year. While residents are quite wealthy with household median income of \$140,493 in 2020, home prices far exceeded local incomes. A typical home costs approximately 11 times the typical income, one of the highest home price-to-income ratio in the nation.

San Francisco Population and Income

The City had a population estimated at 883,083 as of fiscal year 2020. The table reflects the population and per capita personal income of the City, as estimated based on the U.S. Census Bureau.

¹ 2020 population was estimated by multiplying the estimated 2019 population by the 2019 to 2020 population growth rate. Fiscal year 2018 and 2019 is updated from last year's CAFR with newly available data.

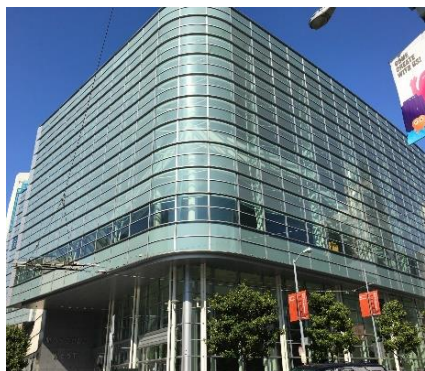
² Per capita personal income for 2019 and 2020 was estimated by dividing the estimated personal income for 2019 and 2020 by the reported and estimated population in 2019 and 2020, respectively. 2020 was estimated by multiplying the latest quarterly State income by 1,000 and dividing by the estimated 2020 population.

CITY AND COUNTY OF SAN FRANCISCO Population and Income - Fiscal Years 2015-2020		
Fiscal Year	Population ¹	Per Capita Personal Income ²
2015	862,004	103,867
2016	876,103	109,760
2017	879,166	120,576
2018	880,696	131,083
2019	881,549	137,196
2020	883,083	140,493

Source: Office of the Controller, City and County of San Francisco.

San Francisco Conventions and Tourism

2019 was the tenth consecutive year of record breaking tourism for San Francisco. According to the San Francisco Travel Association (the “Travel Association”), a non-profit membership organization, approximately 26.2 million people visited the City, up 1.4% from 2018, with spending exceeding \$10.2 billion and hotel occupancy at 82.9%, with average daily rates of \$277 per night. Although international visitors account for only 11%, 2.9 million, their spending accounts for 50% or \$5.1 billion of the total spending from tourism. The top five countries international visitors are from Mexico, China, United Kingdom, Canada and Germany. As for 2020, with the global COVID-19 pandemic, the projection for tourism and their spending to be at least 50% down.



With the reopening of the Moscone Center in 2019, San Francisco conventions was in a boom. The city had 1.2 million convention room nights booked in 2019. It is projected for 2020 due to the pandemic, citywide convention nights will only be 122,000 with a direct loss of \$697 million. Convention events falls into San Francisco’s stage 4 reopening plan, and will depend on the experience from phase 1 to 3 to determine the reopening timeline. Although Moscone Center is closed to the general public, the South Center it is now San Francisco’s Emergency Operation Center Headquarter (EOC). With over 504,000 square feet of contiguous space, and wide hallways, the center provides ample social distancing for almost 400 city workers reporting to EOC.

San Francisco Employment

With the impact of Covid-19, according to the California Employment Development Department, the unemployment rate for the City was 12.5% for June 2020 compared with an unadjusted unemployment rate of 15.1% for the State.

Tables below summarizes information on the civilian labor, employment, and unemployment in the City; and employment by industry from calendar years 2015 to 2019.

CITY AND COUNTY OF SAN FRANCISCO					
Civilian Labor Force, Employment, and Unemployment ¹					
June 2019 and 2020 ²					
Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate
June 2020	San Francisco	570,000	498,800	71,200	12.5%
	State	18,928,400	16,076,200	2,852,100	15.1%
June 2019	San Francisco	579,500	565,900	13,600	2.3%
	State	19,297,400	18,493,900	803,500	4.2%

¹ Labor force data reflects the March 2019 benchmark and Census 2010 population controls at the state level.

² Data not seasonally adjusted.

Source: California Employment Development Department, Labor Market Information Division.

CITY AND COUNTY OF SAN FRANCISCO					
Estimated Average Annual Employment by Sector - Calendar Years 2015-2019 ¹					
	2015	2016	2017	2018	2019
Total Farm	200	100	200	200	200
Total Nonfarm	675,000	703,400	719,300	740,900	762,800
Professional & Business Services	183,400	190,600	194,700	203,600	205,600
Leisure & Hospitality	93,900	97,300	96,900	96,200	102,000
Government	92,100	94,300	96,600	98,100	99,100
Educational & Health Services	85,700	87,700	89,000	91,200	93,000
Trade, Transportation & Utilities	75,600	78,800	81,000	84,000	83,800
Financial Activities	53,600	56,100	56,300	57,700	62,300
Information	35,200	39,000	43,000	46,600	51,500
Manufacturing & Construction	29,400	32,600	34,300	35,700	37,500
Other Services	26,300	27,100	27,700	28,000	28,200
Total All Industries	675,200	703,500	719,500	741,100	763,000

¹ Data reflects the March 2019 benchmark.

Source: California Employment Development Department, Labor Market Information Division.

The table below lists 25 major employers in San Francisco County, as reported by the San Francisco Business Times.

CITY AND COUNTY OF SAN FRANCISCO	
Major Employers	
Employer Name	Industry
More than 10,000 Employees	
City and County of San Francisco*	City Government
San Francisco Unified School District (SFUSD)	Public Education
State of California*	State Government
United States Postal Service*	Mailing and Shipping
University of California, San Francisco*	Health Sciences University and Medical Center
5,000 - 9,999 Employees	
Kaiser Permanente	Health Care System
Salesforce	Customer Relationship Management Software
Sutter Health	Health Care System
Uber Technologies Inc.	Ride-Sharing Service
United Airlines	Airline Carrier
Wells Fargo Bank	Financial Services
1,000 - 4,999 Employees	
Airbnb Inc.	Online Vacation Rental Services
Allied Universal	Security Systems, Guarding Services
City College of San Francisco*	Community College
CommonSpirit Health	Health Care System
Deloitte	Accounting, Audit, Tax, Advisory, Consulting
First Republic Bank	Financial Services
Gap Inc.	Apparel Retail
Golden State Warriors & Chase Center	NBA Basketball Team
LinkedIn Corp	Online Professional Network
Lyft Inc.	Ride-Sharing App
PG&E Corp.	Electric and Gas Energy Company
San Francisco State University*	Public State University
Twitter Inc.	Social Media
University of San Francisco	University Education

Source: Calendar year 2019 San Francisco Business Times and * calendar year 2018 San Francisco Business Times.

San Francisco Taxable Sales

The following table provides information on taxable sales for the City for calendar years 2015 through 2019. Total retail sales increased in 2019 by approximately \$238 million compared to 2018.

CITY AND COUNTY OF SAN FRANCISCO					
Taxable Sales - Calendar Years 2015-2019 ¹					
(\$ in Thousands)					
	2015	2016	2017	2018	2019
Building Material/Garden Equipment/Supplies \$	588,279	586,373	605,711	681,369	718,692
Clothing and Clothing Accessories Stores	2,163,743	2,132,167	2,056,070	2,046,414	2,029,312
Food and Beverage Stores	830,061	843,717	863,215	856,217	861,757
Food Services and Drinking Places	4,441,352	4,670,360	4,743,633	4,844,464	5,046,263
Gasoline Stations	471,496	428,473	490,255	583,480	548,509
General Merchandise Stores	865,959	837,698	814,324	790,845	755,350
Home Furnishings and Appliance Stores	1,010,769	965,919	916,777	1,018,006	1,034,213
Motor Vehicle and Parts Dealers	565,639	573,965	628,666	674,008	601,929
Other Retail Stores ²	2,136,115	2,223,654	2,373,545	2,535,667	2,671,219
Retails Stores Total	\$ 13,073,413	13,262,326	13,492,196	14,030,470	14,267,244
All Other Outlets not listed above	5,839,079	6,174,841	5,981,674	6,312,252	6,689,891
Total All Outlets	\$ 18,912,492	19,437,167	19,473,870	20,342,722	20,957,135

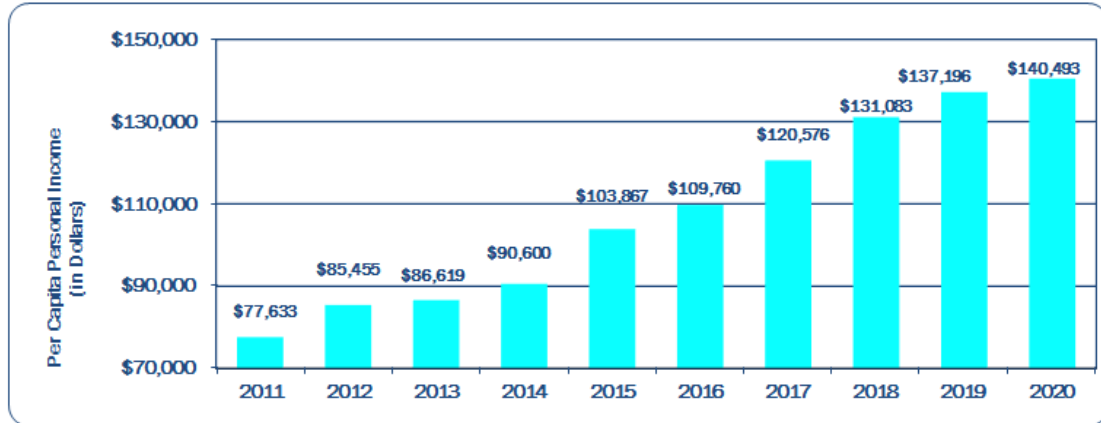
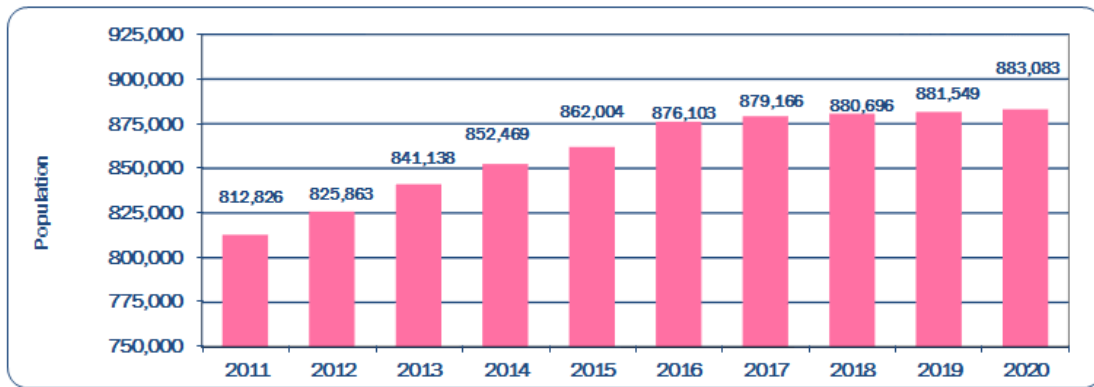
¹ The latest data as of calendar year 2019 is presented.

² Other Retail Stores include Health and Personal Care Stores, Sporting Goods, Hobby Book, and Music stores, Miscellaneous Store Retailers, and Non-store Retailers.

Source: California Department of Tax and Fee Administration

**Demographic and Economic Information
San Francisco Population and Income
Fiscal Years Ended 2011 to 2020**

Year	Population ¹	Personal Income (In Thousands) ²	Per Capita Personal Income ²
2011	812,826	\$ 63,102,121	\$ 77,633
2012	825,863	70,573,974	85,455
2013	841,138	72,858,445	86,619
2014	852,469	77,233,279	90,600
2015	862,004	89,533,450	103,867
2016	876,103	96,161,308	109,760
2017	879,166	106,006,635	120,576
2018	880,696	115,444,581	131,083
2019	881,549	120,945,422	137,196 ⁵
2020	883,083 ³	124,066,697 ⁴	140,493 ⁵



¹ US Census Bureau, fiscal years 2018 and 2019 are updated from last year's CAFR with newly available data.

² US Bureau of Economic Analysis, fiscal years 2018 and 2019 are updated from last year's CAFR with newly available data.

³ 2020 population was estimated by multiplying the estimated 2019 population by the 2019 to 2020 population growth rate.

⁴ Personal income was estimated by assuming that its percentage of state personal income in fiscal years 2019 and 2020 remained at the 2019 level of 4.59 percent.

⁵ Per capita personal income for 2019 and 2020 was estimated by dividing the estimated personal income for 2019 and 2020 by the reported and estimated population in 2019 and 2020, respectively. 2020 was estimated by multiplying the latest quarterly City income by 1,000 and dividing by the estimated 2020 population.

Source: Office of the Controller, City and County of San Francisco.

**Demographic & Economic Information
San Francisco City and County Principal Employers**

Employer	2019 ¹			2010 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City and County of San Francisco ³	36,910	1	6.7 %	25,488	1	5.6 %
University of California, San Francisco ⁴	34,690	2	6.3	11,639	2	2.6
San Francisco Unified School District	10,257	3	1.9	—	—	—
Salesforce	9,100	4	1.7	—	—	—
Wells Fargo Bank	7,296	5	1.3	9,089	3	2.0
Kaiser Permanente	6,659	6	1.2	3,490	9	0.8
United Airlines	6,153	7	1.1	—	—	—
Sutter Health	6,134	8	1.1	—	—	—
Uber Technologies Inc.	5,500	9	1.0	—	—	—
Gap, Inc.	4,500	10	0.8	3,783	8	0.8
Pacific Gas & Electric Corporation	—	—	—	4,080	7	0.9
California Pacific Medical Center	—	—	—	6,600	4	1.4
State of California	—	—	—	5,465	5	1.2
United States Postal Service	—	—	—	4,369	6	1.0
San Francisco State University	—	—	—	3,243	10	0.7
Total	127,199		23.1 %	77,246		17.0 %
Total City Employment⁵			552,650			455,683

¹ The latest data as of calendar year 2019 is presented from the San Francisco Business Times Book of Lists.

² Percentages have been restated based on updated employment information, and as a result, may differ from amounts reported in the Comprehensive Annual Financial Report from the City and County of San Francisco.

³ City and County of San Francisco data provided by Office of Controller's Payroll and Personnel Services Division.

⁴ The latest data as of calendar year 2018 is presented from the San Francisco Business Times Book of Lists.

⁵ State of California Employee Development Department.

Source: Office of the Controller, City and County of San Francisco.

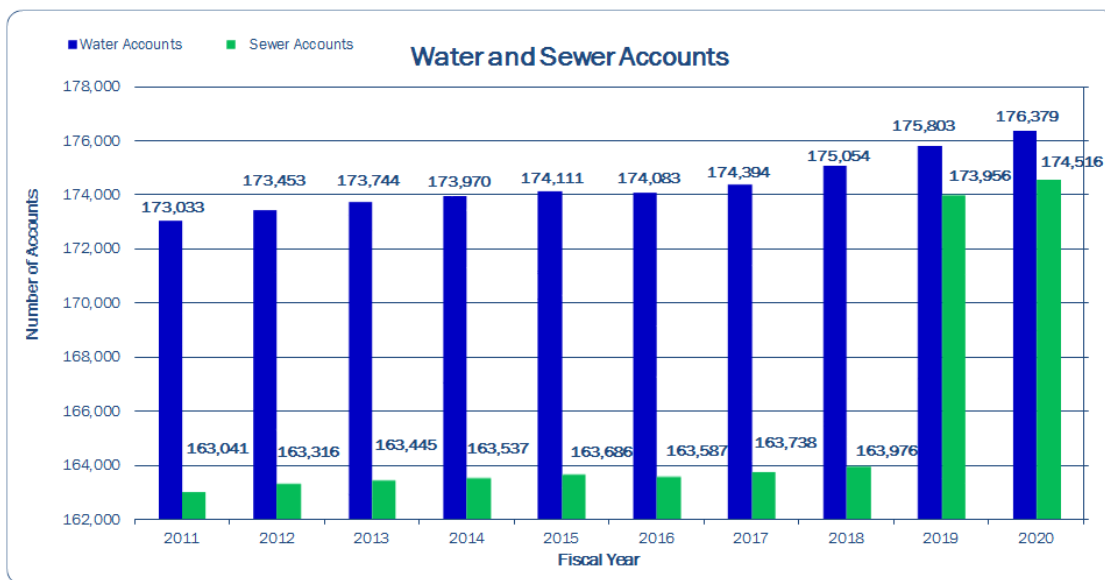
Demographic & Economic Information
 Summary of Water and Sewer Accounts by Type of Customer
 Fiscal Years Ended 2011 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Account Types										
Retail - San Francisco										
Multi-Family Residential	40,919	40,990	41,121	41,165	41,279	41,369	41,594	42,101	42,482	42,849
Single-Family Residential	109,705	109,957	110,062	110,144	110,140	110,050	110,118	110,153	110,413	110,584
Commercial	20,166	20,245	20,270	20,354	20,384	20,320	20,344	20,429	20,512	20,509
Industrial	85	84	83	82	81	81	80	80	81	77
Municipal	1,775	1,795	1,826	1,843	1,849	1,885	1,882	1,915	1,939	1,985
Subtotal	172,650	173,071	173,362	173,588	173,733	173,705	174,018	174,678	175,427	176,004
Retail - Other										
Commercial	92	90	89	88	85	85	83	86	87	87
Municipal	1	1	1	1	1	1	1	1	1	1
Other	3	3	3	3	3	3	3	3	2	2
Residential	206	207	208	212	211	211	211	208	208	207
Subtotal	302	301	301	304	300	300	298	298	298	297
Wholesale										
Private utilities	21	21	21	21	22	22	22	22	22	22
Public utilities	60	60	60	57	56	56	56	56	56	56
Subtotal	81	81	81	78	78	78	78	78	78	78
Total water accounts	173,033	173,453	173,744	173,970	174,111	174,083	174,394	175,054	175,803	176,379
Sewer Account Types										
Retail & Resale										
Multi-Family Residential	36,269	36,275	36,301	36,248	36,313	36,293	36,323	36,326	36,387	36,467
Single-Family Residential	110,608	110,875	111,007	111,125	111,173	111,137	111,268	111,385	111,681	111,869
Commercial ²	15,439	15,439	15,400	15,430	15,460	15,411	15,388	15,494	24,465	24,721
Municipal ²	716	719	729	725	731	738	751	763	1,109	1,150
Suburban (Watershed Keepers)	9	8	8	9	9	8	8	8	8	7
Unmetered Properties ¹	No data prior to fiscal year 2019								306	302
Total sewer accounts	163,041	163,316	163,445	163,537	163,686	163,587	163,738	163,976	173,956	174,516

¹ Beginning in fiscal year 2019, Unmetered Properties accounts are included.

² Large increase in commercial sewer accounts in fiscal year 2019 is due to new requirements that all water accounts for fire-fighting purposes have a corresponding sewer account. Fiscal year 2019 sewer accounts were updated between Commercial and Municipal.

Source: San Francisco Public Utilities Commission Water Sewer System and Customer Care and Billing System as of June 30, 2020 and Rate Schedules.



Demographic & Economic Information
Summary of Hetchy Water, Hetchy Power and CleanPowerSF Accounts by Type of Customer
Fiscal Years Ended 2011 to 2020

Hetchy Water

Accounts	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Upcountry Water Sales	7	7	7	7	7	6	5	5	5	5

Source: San Francisco Public Utilities Commission Customer Care and Billing System.

Hetchy Power

Electric Meters	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
City Agencies	1,437	1,437	1,449	1,470	1,480	1,494	1,491	1,511	1,499	1,512
Non-City Agencies*	791	780	766	758	783	1,090	1,536	1,996	2,209	2,526
Moccasin/City of Riverbank	40	41	40	41	40	41	39	38	37	37
Modesto/Turlock Irrigation Districts	2	2	2	2	2	2	2	2	2	2
Total accounts	2,270	2,260	2,257	2,271	2,305	2,627	3,068	3,547	3,747	4,077

Gas and Steam Meters

Nature Gas (City Agencies)	350	343	346	351	352	359	351	355	352	352
Steam (City Agencies)	11	11	12	12	12	12	12	12	12	12
Total accounts	361	354	358	363	364	371	363	367	364	364

* Non-City Agencies include electric retail and municipal customers such as Moscone tenants, Exploratorium, and Yerba Buena Gardens. Increases from fiscal years 2016 to 2020 are new accounts in the Hunter's Point Shipyard Redevelopment Project, Alice Griffith Redevelopment Project and the Distributed Antenna System.

Source: San Francisco Public Utilities Commission Power Enterprise Billing System.

CleanPowerSF

Account	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020				
Residential	Data not available - CleanPowerSF launched in May 2016.					364	69,492	74,160	343,807 [^]	351,219 [^]				
Commercial														
Small Commercial Service						6,256	6,169	6,422	27,750	27,368				
Medium Commercial Service						541	504	688	2,428	2,381				
Large Commercial Service						299	314	336	1,812	1,887				
Agricultural						-	3	7	25	25				
Street and Outdoor Lighting						-	-	-	306	299				
Commercial Subtotal	7,096	6,990	7,453	32,321	31,960									
Total accounts	7,460	76,482	81,613	376,128	383,179									

[^] Increase is from completion of citywide enrollment.

Source: Calpine's customer snapshot reports. Calpine obtains the data from PG&E.

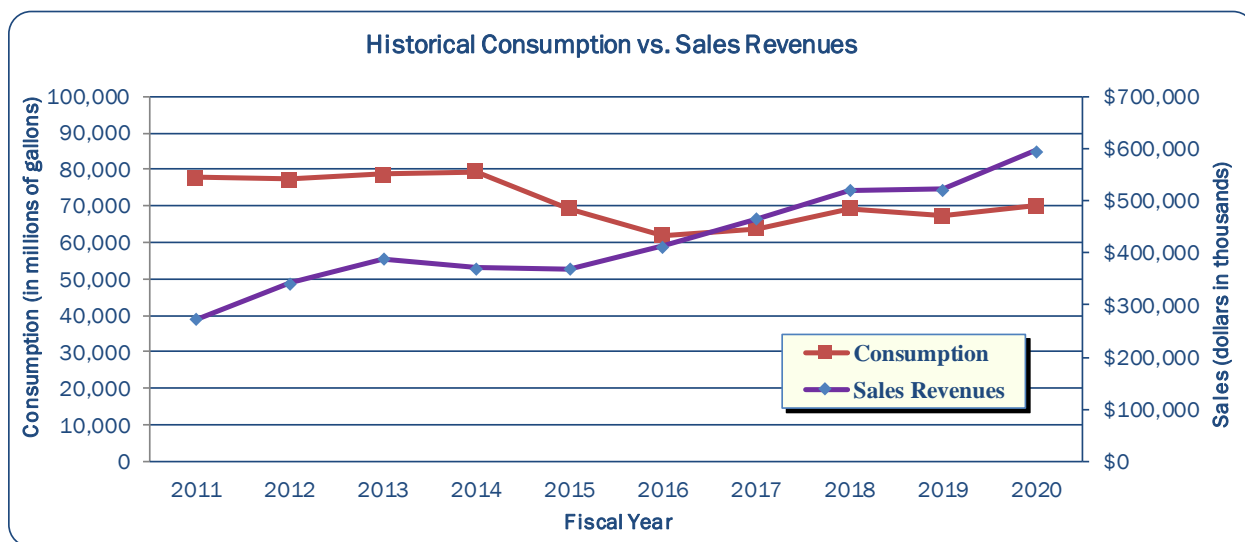
**Demographic & Economic Information
Water Accounts and Billings
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)**

Fiscal Year	Number of Consumer Accounts	Water Consumed (CCF)*	Water Consumed (MG)**	Service Charges Billed (\$)	Water Charges Billed (\$)	Total Amount Billed (\$)
2011	173,033	104,148,869	77,904	23,625	249,414	273,039
2012	173,453	103,435,144	77,369	26,267	315,713	341,980
2013	173,744	105,166,558	78,665	29,168	360,354	389,522
2014	173,970	106,183,899	79,425	31,849	339,139	370,988
2015	174,111	92,624,944	69,284	33,561	336,182	369,743
2016	174,083	82,783,466	61,923	37,125	375,020	412,145
2017	174,394	85,169,254	63,706	40,650	425,629	466,279
2018	175,054	92,689,320	69,331	43,748	476,385	520,133
2019	175,803	89,997,393	67,319	44,104	478,448	522,552
2020	176,379	93,495,127	69,934	47,310	548,199	595,509

* Hundred cubic feet = 748 gallons

** Millions of gallons

Source: Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Water Sewer System and Customer Care and Billing System.



Demographic & Economic Information
 Historical Water Sales In Hundred Cubic Feet
 Fiscal Years Ended 2011 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020 % of Total
Retail Customers											
Multi-Family Residential	12,260,606	12,139,673	11,857,405	11,790,707	10,923,723	10,511,291	10,730,224	11,088,325	11,001,321	11,377,523	12.2%
Single-Family Residential	7,849,371	7,854,469	7,848,355	8,124,179	7,056,525	6,674,624	6,765,508	6,954,084	6,766,191	7,051,008	7.5%
Commercial ^{1,2}	9,428,821	9,387,963	9,369,923	9,249,884	8,881,095	8,486,990	8,286,580	8,539,377	8,145,347	7,391,713	7.9%
Industrial	87,068	90,174	91,641	96,073	100,995	94,178	92,846	86,555	84,142	73,296	0.1%
Municipal ^{2,3,4,6}	1,651,602	1,584,640	1,764,467	1,818,869	1,351,523	1,252,031	1,519,354	1,582,906	1,592,205	1,652,984	1.7%
Suburban Retail ^{2,3}	1,739,343	1,773,498	2,082,763	2,090,360	1,860,949	1,556,586	1,397,568	1,524,511	1,426,850	1,474,800	1.6%
Retail water sales	33,016,811	32,830,417	33,014,554	33,170,072	30,174,810	28,575,700	28,792,081	29,775,757	29,016,056	29,021,324	31.0%
Wholesale Customers											
California Water Service ⁵	15,719,285	16,081,904	16,104,269	16,478,539	14,177,253	11,442,469	11,853,307	13,437,872	12,823,623	14,158,729	15.1%
Hayward Municipal Water	8,308,740	7,610,980	7,552,956	7,402,067	6,634,616	5,979,616	6,281,522	7,101,954	6,821,848	6,929,989	7.4%
City of Palo Alto	5,440,236	5,561,559	5,528,554	5,520,468	4,671,433	4,006,084	4,382,560	4,859,576	4,600,987	4,757,199	5.1%
City of Sunnyvale	3,968,975	4,406,804	4,653,481	4,169,463	3,801,695	3,816,230	3,966,024	4,615,487	4,281,432	4,602,280	4.9%
City of Redwood City	4,462,944	4,420,594	4,541,338	4,457,196	3,909,265	3,484,888	3,764,419	4,109,993	3,945,340	4,269,768	4.6%
Alameda County Water District	3,920,455	3,953,054	4,423,129	5,837,509	3,885,891	2,924,129	3,039,722	3,875,669	3,745,166	3,788,287	4.0%
City of Mountain View	4,208,860	4,273,100	4,436,942	4,405,542	3,715,499	3,285,167	3,374,726	3,679,915	3,551,507	3,706,595	4.0%
City of Milpitas	2,979,835	3,027,111	3,137,125	3,244,023	2,556,289	2,199,649	2,361,244	2,544,956	2,504,392	2,956,102	3.1%
City of San Jose	2,051,706	2,138,714	2,197,501	2,263,880	2,189,406	1,990,436	2,017,559	2,198,147	2,104,452	2,066,632	2.2%
Estero Municipal Improvement District	2,272,167	1,982,291	1,977,026	1,983,373	1,942,828	1,755,953	1,869,684	2,064,667	1,966,799	2,115,607	2.3%
All Other Wholesale Customers ⁵	17,798,855	17,148,616	17,599,683	17,251,767	14,965,959	13,323,145	13,466,407	14,425,326	14,635,791	15,123,615	16.2%
Wholesale water sales	71,132,058	70,604,727	72,152,004	73,013,827	62,450,134	54,207,766	56,377,174	62,913,563	60,981,337	64,473,803	69.0%
Total water sales	104,148,869	103,435,144	105,166,558	106,183,899	92,624,944	82,783,466	85,169,254	92,689,320	89,997,393	93,495,127	100.0%
% Change from prior year	2.9%	-0.7%	1.6%	1.0%	-12.8%	-10.6%	2.9%	8.8%	-2.9%	3.9%	
Number of accounts	173,033	173,453	173,744	173,970	174,111	174,083	174,394	175,054	175,803	176,379	
Retail	172,952	173,372	173,663	173,892	174,033	174,005	174,316	174,976	175,725	176,301	
Wholesale	81	81	81	78	78	78	78	78	78	78	

¹ Includes Docks & Ships under Commercial.

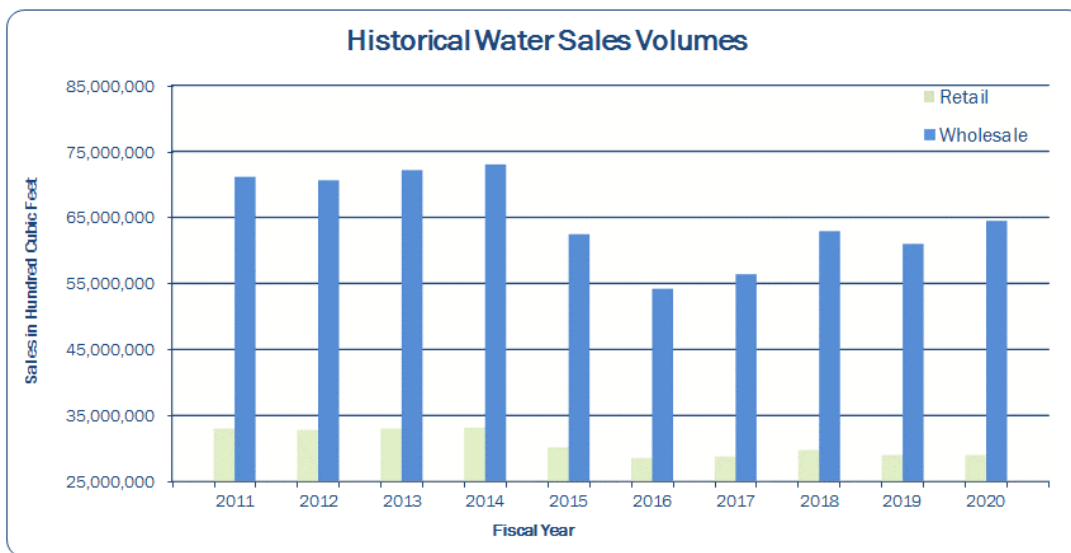
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Source: Rate Schedules, Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.



Demographic & Economic Information
 Historical Water Sales in Millions of Gallons per Day
 Fiscal Years Ended 2011 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020 % of Total
Retail Customers											
Multi-Family Residential	25.1	24.8	24.3	24.2	22.4	21.5	22.0	22.7	22.5	23.3	12.2%
Single-Family Residential	16.1	16.1	16.1	16.6	14.5	13.6	13.9	14.3	13.9	14.4	7.5%
Commercial ^{1,2}	19.3	19.2	19.2	19.0	18.2	17.3	17.0	17.5	16.7	15.1	7.9%
Industrial	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1%
Municipal ^{2,3,4,6}	3.4	3.2	3.6	3.7	2.8	2.6	3.1	3.2	3.3	3.4	1.7%
Suburban Retail ^{2,3}	3.6	3.6	4.3	4.3	3.8	3.2	2.9	3.1	2.9	3.0	1.6%
Retail water sales	67.7	67.1	67.7	68.0	61.9	58.4	59.1	61.1	59.5	59.3	31.0%
Wholesale Customers											
California Water Service ⁵	32.2	32.9	33.0	33.8	29.1	23.4	24.3	27.5	26.3	29.0	15.1%
Hayward Municipal Water	17.0	15.6	15.5	15.2	13.6	12.2	12.9	14.6	14.0	14.2	7.4%
City of Palo Alto	11.1	11.4	11.3	11.3	9.6	8.2	9.0	10.0	9.4	9.7	5.1%
City of Sunnyvale	8.1	9.0	9.5	8.5	7.8	7.8	8.1	9.5	8.8	9.4	4.9%
City of Redwood City	9.1	9.1	9.3	9.1	8.0	7.1	7.7	8.4	8.1	8.8	4.6%
Alameda County Water District	8.0	8.1	9.1	12.0	8.0	6.0	6.2	7.9	7.7	7.7	4.0%
City of Mountain View	8.6	8.7	9.1	9.0	7.6	6.7	6.9	7.5	7.3	7.6	4.0%
City of Milpitas	6.1	6.2	6.4	6.6	5.2	4.5	4.8	5.2	5.1	6.1	3.1%
City of San Jose	4.3	4.4	4.5	4.6	4.5	4.1	4.1	4.5	4.3	4.2	2.2%
Estero Municipal Improvement District	4.7	4.1	4.1	4.1	4.0	3.6	3.8	4.2	4.0	4.3	2.3%
All Other Wholesale Customers ⁵	36.5	35.1	36.1	35.4	30.7	27.3	27.6	29.6	30.0	31.0	16.2%
Wholesale water sales	145.8	144.6	147.9	149.7	128.0	110.8	115.5	128.9	125.0	131.6	69.0%
Total water sales	213.5	211.7	215.6	217.7	189.9	169.2	174.6	190.0	184.5	190.9	100.0%
% Change from prior year	-2.9%	-0.7%	1.6%	1.0%	-12.8%	-10.6%	2.9%	8.8%	-2.9%	4.0%	
Number of accounts	173,033	173,453	173,744	173,970	174,111	174,083	174,394	175,054	175,803	176,379	
Retail	172,952	173,372	173,663	173,892	174,033	174,005	174,316	174,976	175,725	176,301	
Wholesale	81	81	81	78	78	78	78	78	78	78	

¹ Includes Docks & Ships under Commercial.

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Source: Rate Schedules, Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.

Demographic & Economic Information
Historical Water Sales in Millions of Gallons
Fiscal Years Ended 2011 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2020 % of Total
Retail Customers											
Multi-Family Residential	9,171	9,080	8,869	8,819	8,171	7,862	8,026	8,294	8,229	8,510	12.2%
Single-Family Residential	5,871	5,875	5,871	6,077	5,278	4,993	5,061	5,202	5,061	5,274	7.5%
Commercial ^{1,2}	7,053	7,022	7,009	6,919	6,643	6,348	6,198	6,387	6,093	5,529	7.9%
Industrial	65	67	69	72	76	70	69	65	63	55	0.1%
Municipal ^{2,3,4,6}	1,235	1,185	1,320	1,361	1,011	937	1,136	1,184	1,191	1,236	1.8%
Suburban Retail ^{2,3}	1,301	1,327	1,558	1,564	1,392	1,164	1,045	1,140	1,067	1,103	1.6%
Retail water sales	24,696	24,557	24,695	24,811	22,571	21,375	21,536	22,272	21,704	21,708	31.0%
Wholesale Customers											
California Water Service ⁵	11,758	12,029	12,046	12,326	10,605	8,559	8,866	10,052	9,592	10,591	15.1%
Hayward Municipal Water	6,215	5,693	5,650	5,537	4,963	4,473	4,699	5,312	5,103	5,184	7.4%
City of Palo Alto	4,069	4,160	4,135	4,129	3,494	2,997	3,278	3,635	3,442	3,558	5.1%
City of Sunnyvale	2,969	3,296	3,481	3,119	2,844	2,855	2,967	3,452	3,203	3,443	4.9%
City of Redwood City	3,338	3,307	3,397	3,334	2,924	2,607	2,816	3,074	2,951	3,194	4.6%
Alameda County Water District	2,933	2,957	3,309	4,366	2,907	2,187	2,274	2,899	2,801	2,834	4.1%
City of Mountain View	3,148	3,196	3,319	3,295	2,779	2,457	2,524	2,753	2,657	2,773	4.0%
City of Milpitas	2,229	2,264	2,347	2,427	1,912	1,645	1,766	1,904	1,873	2,211	3.2%
City of San Jose	1,535	1,600	1,644	1,693	1,638	1,489	1,509	1,644	1,574	1,545	2.2%
Estero Municipal Improvement District	1,700	1,483	1,479	1,484	1,453	1,313	1,399	1,544	1,471	1,582	2.3%
All Other Wholesale Customers ⁵	13,314	12,827	13,165	12,904	11,195	9,966	10,073	10,790	10,948	11,312	16.2%
Wholesale water sales	53,207	52,812	53,970	54,614	46,713	40,548	42,170	47,059	45,615	48,226	69.0%
Total water sales	77,904	77,369	78,665	79,425	69,284	61,923	63,706	69,331	67,319	69,934	100.0%
% Change from prior year	-2.9%	-0.7%	1.6%	1.0%	-12.8%	-10.6%	2.9%	8.8%	-2.9%	3.9%	
Number of accounts											
Retail	173,033	173,453	173,744	173,970	174,111	174,083	174,394	175,054	175,803	176,379	
Retail	172,952	173,372	173,663	173,892	174,033	174,005	174,316	174,976	175,725	176,301	
Wholesale	81	81	81	78	78	78	78	78	78	78	

¹ Includes Docks & Ships under Commercial.

² San Francisco International Airport was historically included as a Municipal customer. Starting fiscal year 2011 and thereafter, the account was restated to Suburban Retail, as water sales represent resale to their tenants and not for its own consumption.

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⁵ From fiscal year 2016 onward, California Water Service Company, Daly City, and San Bruno are participating in the conjunctive use groundwater program. These customers receive a bill credit for regional water system usage in-lieu of groundwater pumping. Totals reported in this table exclude water credited under the conjunctive use program.

Source: Rate Schedules, Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.

Wholesale Water Customers



Agency Name:

- | | |
|--|---------------------------------------|
| 1. Alameda County Water District | 13. Mid-Peninsula Water District |
| 2. City of Brisbane | 14. City of Millbrae |
| 3. City of Burlingame | 15. City of Milpitas |
| 4a. California Water Service Company - Bear Gulch | 16. City of Mountain View |
| 4b. California Water Service Company - Mid-Peninsula | 17. North Coast County Water District |
| 4c. California Water Service Company - South San Francisco | 18. City of Palo Alto |
| 5. Coastside County Water District | 19. Purissima Hills Water District |
| 6. City of Daly City | 20. City of Redwood City |
| 7. City of East Palo Alto | 21. City of San Bruno |
| 8. Estero Municipal Improvement District | 22. San Jose Municipal Water System |
| 9. Guadalupe Valley Municipal Improvement District | 23. City of Santa Clara |
| 10. City of Hayward | 24. Stanford University |
| 11. Town of Hillsborough | 25. City of Sunnyvale |
| 12. City of Menlo Park | 26. Westborough Water District |

* Cordilleras Mutual Water is a SFPUC Wholesale Customer but not part of BAWSCA member.

Source: Bay Area Water Supply and Conservation Agency (BAWSCA), San Mateo County General Plan.

Demographic & Economic Information
Water Accounts & Billings by Type of Customer
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Customer Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Multiple-Family Residential										
Number of accounts	40,919	40,990	41,121	41,165	41,279	41,369	41,594	42,101	42,482	42,849
Billings	\$ 50,143	55,929	61,681	65,880	68,517	74,055	83,180	91,994	97,879	109,461
Single-Family Residential										
Number of accounts	109,705	109,957	110,062	110,144	110,140	110,050	110,118	110,153	110,413	110,584
Billings	\$ 36,508	41,240	46,361	51,586	50,670	54,209	60,424	66,304	69,840	78,329
Commercial¹										
Number of accounts	20,166	20,245	20,270	20,354	20,384	20,320	20,344	20,429	20,512	20,509
Billings	\$ 41,227	47,620	53,710	56,522	58,416	63,080	67,748	74,720	76,950	76,586
Industrial										
Number of accounts	85	84	83	82	81	81	80	80	81	77
Billings	\$ 375	447	511	568	644	677	736	738	796	765
Municipal²										
Number of accounts	1,775	1,795	1,826	1,843	1,849	1,885	1,882	1,916	1,939	1,985
Billings	\$ 6,477	7,030	8,663	9,455	8,719	9,274	11,999	13,147	14,253	15,901
Suburban Retail										
Number of accounts	302	301	301	304	300	300	298	297	298	297
Billings	\$ 6,096	7,105	7,525	8,023	8,122	7,845	8,836	10,466	10,313	11,127
Wholesale³										
Number of accounts	81	81	81	78	78	78	78	78	78	78
Billings	\$ 132,213	182,609	211,071	178,954	174,655	203,005	233,356	262,764	252,521	303,340
Total										
Number of accounts	173,033	173,453	173,744	173,970	174,111	174,083	174,394	175,054	175,803	176,379
Billings	\$ 273,039	341,980	389,522	370,988	369,743	412,145	466,279	520,133	522,552	595,509
Percentage of Revenue										
Residential	31.7%	28.3%	27.7%	31.7%	32.2%	31.1%	30.8%	30.4%	32.1%	31.5%
Non-residential ⁴	19.8%	18.2%	18.1%	20.1%	20.5%	19.6%	19.2%	19.0%	19.6%	17.5%
Wholesale	48.5%	53.5%	54.2%	48.2%	47.3%	49.3%	50.0%	50.5%	48.3%	50.9%

¹ Includes Docks & Ships and Builders & Contractors under Commercial.

² Beginning in fiscal year 2017, Treasure Island and Harding Park recycled water revenues are included in Municipal.

³ Beginning in fiscal year 2011, total amount billed excludes BAWSCA fees and surcharge, and collections designated for Wholesale Coverage Reserve.

⁴ All Suburban Retail usage is included in the Non-Residential line item for purposes of calculating the percentage of revenue from each customer type. However, Suburban Retail usage includes some residential usage.

Source: San Francisco Public Utilities Commission Water Sewer System and Customer Care and Billing System.

Demographic & Economic Information
Wastewater Accounts, Billings & Discharge by Type of Customer
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Customer Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Multiple-Family Residential										
Number of accounts	36,269	36,275	36,301	36,248	36,313	36,293	36,323	36,326	36,387	36,467
Hundred cubic feet	11,413,151	11,305,560	11,034,590	10,979,262	10,199,389	9,854,965	9,996,526	10,282,601	10,222,770	10,536,087
Millions of gallons per day	23.4	23.1	22.6	22.5	20.9	20.1	20.2	21.1	20.9	21.5
Billings	\$ 82,056	93,264	95,607	99,603	100,178	101,730	110,829	126,789	133,454	146,548
Single-Family Residential										
Number of accounts	110,608	110,875	111,007	111,125	111,173	111,137	111,268	111,385	111,681	111,869
Hundred cubic feet	6,974,162	6,976,856	6,975,869	7,220,346	6,296,323	5,993,115	6,058,304	6,228,159	6,067,155	6,324,480
Millions of gallons per day	14.3	14.3	14.3	14.8	12.9	12.2	12.3	12.8	12.4	13.0
Billings	\$ 53,466	55,776	58,683	64,377	61,048	61,177	66,661	76,534	79,971	89,688
Commercial ²										
Number of accounts	15,439	15,439	15,400	15,430	15,460	15,411	15,388	15,494	24,465	24,721
Hundred cubic feet	7,957,137	7,883,555	7,816,146	7,931,611	7,594,556	7,366,932	7,171,298	7,230,465	6,978,016	6,246,081
Millions of gallons per day	16.3	16.1	16.0	16.3	15.6	15.1	15.1	14.8	14.3	12.8
Billings	\$ 76,784	75,604	74,978	76,740	76,042	77,387	80,968	89,803	91,069	79,350
Municipal ^{1, 2}										
Number of accounts	716	719	729	725	731	738	751	763	1,109	1,150
Hundred cubic feet	705,525	681,755	701,162	657,708	570,386	588,044	578,015	589,621	585,833	545,917
Millions of gallons per day	1.4	1.4	1.4	1.3	1.2	1.2	1.2	1.2	1.2	1.1
Billings	\$ 6,519	6,316	6,520	6,205	5,534	5,965	7,586	7,163	9,002	8,885
Suburban Retail (Watershed Keepers)										
Number of accounts	9	8	8	9	9	8	8	8	8	7
Hundred cubic feet	423	322	298	303	259	200	221	321	217	216
Millions of gallons per day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Billings	\$ 3	2	2	3	2	2	2	4	3	3
Unmetered Properties*										
Number of accounts									306	302
Hundred cubic feet									N/A	N/A
Millions of gallons per day									N/A	N/A
Billings									82	112
Total										
Number of accounts	163,041	163,316	163,445	163,537	163,686	163,587	163,738	163,976	173,956	174,516
Hundred cubic feet	27,050,398	26,848,048	26,528,064	26,789,230	24,660,912	23,803,256	23,804,362	24,331,167	23,853,991	23,652,781
Millions of gallons per day	55.4	54.9	54.3	54.9	50.6	48.6	48.8	49.9	48.8	48.4
Billings	\$ 218,828	230,962	235,790	246,927	242,804	246,261	266,046	300,293	313,581	324,586
Percentage of Revenue										
Residential	61.9%	64.5%	65.4%	66.4%	66.4%	66.2%	66.7%	67.7%	68.1%	72.8%
Non-residential	38.1%	35.5%	34.6%	33.6%	33.6%	33.8%	33.3%	32.3%	31.9%	27.2%

¹ Beginning in fiscal year 2017, Treasure Island revenues are included under Municipal.

² Large increase in commercial sewer accounts in fiscal year 2019 is due to new requirements that all water accounts for fire-fighting purposes have a corresponding sewer account. Fiscal year 2019 sewer accounts were updated between Commercial and Municipal.

* Beginning in fiscal year 2019, Unmetered Properties accounts are included.

Source: San Francisco Public Utilities Commission Customer Care and Billing System.

Demographic & Economic Information
 Historical Hetchy Water Sales
 Fiscal Years Ended 2011 to 2020

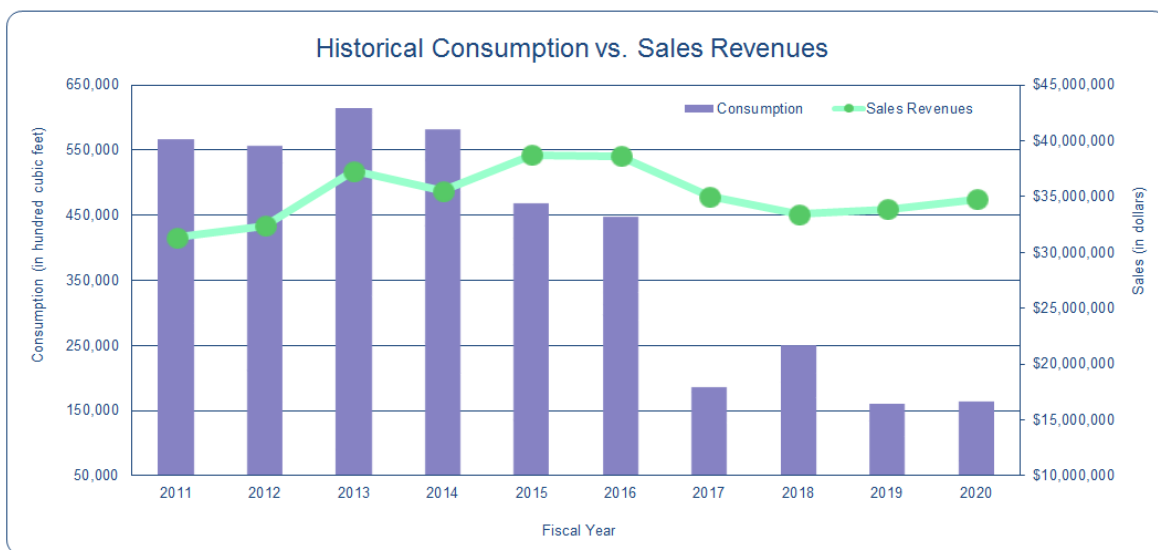
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sales*										
Groveland Community Services District \$	122,296	138,957	157,635	151,969	121,840	163,525	168,757	168,377	147,448	160,626
Lawrence Livermore	1,437,565	1,592,083	2,035,808	2,037,396	1,787,240	1,836,447	211,771	630,097	132,893	36,863
State of California	10,542	9,151	7,415	7,875	8,960	9,429	11,430	13,625	13,392	13,139
Other Residential Customers	8,697	6,606	11,581	15,165	13,391	14,368	15,680	14,726	7,943	1,425
Water Assessment	29,746,507	30,638,901	35,071,901	33,309,058	36,800,000	36,600,000	34,600,000	32,600,000	33,578,000	34,585,000
Total sales	\$ 31,325,607	32,385,699	37,284,340	35,521,463	38,731,431	38,623,769	35,007,638	33,426,825	33,879,676	34,797,053
Consumption (hundred cubic feet)**										
Groveland Community Services District	194,097	181,530	210,561	200,328	156,801	161,249	154,319	166,624	143,437	158,037
Lawrence Livermore	368,771	371,466	398,026	376,662	307,606	282,531	28,389	81,029	14,267	2,543
State of California	2,462	1,839	3,466	3,026	1,174	1,230	1,302	1,459	1,346	1,235
Other Residential Customers	2,155	2,188	2,209	2,749	2,248	2,152	2,085	1,803	1,986	2,454
Total consumption	567,485	557,023	614,261	582,764	467,829	447,162	186,095	250,915	161,036	164,269

May not total due to rounding.

Source:

* City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

** San Francisco Public Utilities Commission Customer Care and Billing System. Fiscal year 2015 and prior was Moccasin meter readings.



Demographic & Economic Information
 Historical Hetchy Power Electric Sales
 Fiscal Years Ended 2011 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Sales (Megawatt hours)										
General Fund Rate Subsidized ^{~~}	387,645	378,503	365,234	367,904	359,519	373,114	366,880	375,327	366,867	348,157
Enterprise Rate ^{~~}	481,921	485,204	484,628	493,254	487,869	495,272	484,070	471,554	477,477	452,951
Western Systems Power Pool [#]	568,157	143,675	131,200	2,400	—	9,520	29,050	15,900	—	84,574
Modesto/Turlock Irrigation Districts [◇]	459,320	277,838	227,544	103,489	115,026	377,981	152,321	46,651	—	—
Non-city Agencies [*]	87,142	101,128	116,996	117,289	101,605	99,568	95,297	112,157	146,527	133,805
Moccasin/City of Riverbank	7,652	7,552	7,808	9,206	25,472	30,451	9,114	9,650	8,235	7,220
Total sales	1,991,837	1,393,900	1,333,410	1,093,542	1,089,491	1,385,906	1,136,732	1,031,239	999,106	1,026,707
Purchases ^{**}	16,252	125,033	38,702	76,905	45,465	113,154	808	188,052	157,227	58,477
Generation [~]	1,988,582	1,332,957	1,312,446	1,032,589	988,649	1,532,068	1,726,072	1,302,461	1,212,348	1,287,848
Total purchases/generation	2,004,834	1,457,990	1,351,148	1,109,494	1,034,114	1,645,222	1,726,880	1,490,513	1,369,575	1,346,325
Banked/(Withdrawal) [△]	(12,527)	(21,978)	6,707	17,102	78,391	—	—	—	—	—
Sales (Dollars in thousands) ^{***}										
General Fund Rate Subsidized ^{~~}	\$ 13,858	13,595	13,330	15,006	18,125	22,151	23,668	26,591	28,766	28,990
Enterprise Rate ^{~~}	52,483	52,512	52,955	60,766	65,022	65,897	67,627	67,598	73,224	74,895
Western Systems Power Pool [#]	16,292	3,817	5,143	127	—	157	755	688	—	2,780
Modesto/Turlock Irrigation Districts [◇]	10,566	7,340	6,538	3,431	4,488	13,634	7,700	2,612	—	—
Non-city Agencies [*]	12,143	13,810	14,815	16,305	14,628	15,610	16,350	19,359	23,258	22,255
Moccasin/City of Riverbank	449	457	486	607	1,100	1,095	550	577	539	625
Total sales	\$ 105,791	91,531	93,267	96,242	103,363	118,544	116,650	117,425	125,787	129,545
Purchases ^{**}	\$ 1,233	4,754	2,494	4,408	2,045	5,546	1,859	8,671	11,832	7,381
Average Sale per KWh (in Dollars)										
General Fund Rate Subsidized ^{~~}	\$ 0.0357	0.0359	0.0365	0.0408	0.0504	0.0594	0.0645	0.0708	0.0784	0.0833
Enterprise Rate ^{~~}	0.1089	0.1082	0.1093	0.1232	0.1333	0.1331	0.1397	0.1434	0.1534	0.1653
Western Systems Power Pool [#]	0.0287	0.0266	0.0392	0.0529	—	0.0165	0.0260	0.0433	—	0.0329
Modesto/Turlock Irrigation Districts [◇]	0.0230	0.0264	0.0287	0.0332	0.0390	0.0361	0.0506	0.0560	—	—
Non-city Agencies [*]	0.1393	0.1366	0.1266	0.1390	0.1440	0.1568	0.1716	0.1726	0.1587	0.1663
Moccasin/City of Riverbank	0.0587	0.0605	0.0622	0.0659	0.0432	0.0360	0.0603	0.0598	0.0655	0.0866
Total average sale per KWh	\$ 0.0531	0.0657	0.0699	0.0880	0.0949	0.0855	0.1026	0.1139	0.1259	0.1262
Average Purchase per KWh ^{**}	0.0759	0.0380	0.0644	0.0573	0.0450	0.0490	2.3007	0.0461	0.0753	0.1262
Surplus Sales vs. Purchase ^{**}										
Net WSPP Sales - Purchases (MWh)	551,905	18,642	92,498	(74,505)	(45,465)	(103,634)	N/A	(172,152)	(157,227)	26,097
Surplus WSPP Sales minus Purchases, \$1,000s	\$ 15,059	(937)	2,649	(4,281)	(2,045)	(5,389)	N/A	(7,983)	(11,832)	(4,601)
WSPP average sales per KWh minus										
Average Purchase per KWh	\$ (0.0472)	(0.0115)	(0.0252)	(0.0044)	(0.0450)	(0.0325)	N/A	(0.0028)	(0.0753)	(0.0933)
Number of meters										
Electric	2,270	2,260	2,257	2,271	2,305	2,627	3,068	3,547	3,747	4,077

* Non-city Agencies include electric retail and municipal customers such as Moscone tenants, Exploratorium, and Yerba Buena Gardens.

** Purchases include Western Systems Power Pool (WSPP), Spot Market with Modesto Irrigation District, Sunset Reservoir Photovoltaic generation. Decrease in fiscal year 2017 was due to no purchases with WSPP.

*** Sales in dollars do not include utility and surcharge taxes.

~ Includes cogeneration and all in-city solar generation. Generation is generic for all electricity production/output. Cogeneration is specific to the combustion turbines at the Southeast treatment plant.

~~ The breakdown for City Agencies is grouped per budget schedule.

No sales in fiscal years 2015 and 2019 due to no excess power for sale.

△ Closure of the energy bank with PG&E in fiscal year 2015.

◇ Purchase agreement ended on December 2017

Excludes sales to CleanPowerSF and CAISO.

Source: San Francisco Public Utilities Commission Power Enterprise Billing System.

Demographic & Economic Information
 Historical CleanPowerSF Electric Sales
 Fiscal Years Ended 2016 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Power Sales (Megawatt hours)*										
Residential						163	148,220	233,515	433,541	1,236,988 ^
Commercial										
Small Commercial Service						14,985	111,618	116,296	484,704	463,977
Medium Commercial Service						14,129	92,718	88,924	417,703	402,651
Large Commercial Service						12,999	93,968	118,327	797,052	870,886
Agricultural						—	42	1,293	6,043	6,004
Street and Outdoor Lighting						—	—	38	1,452	1,515
Commercial Subtotal						42,113	298,346	324,878	1,706,954	1,745,033
Total Power Sales						42,276	446,566	558,393	2,140,495	2,982,021
Sales (Dollars in thousands)**										
Residential	\$					14	10,782	15,993	30,787	102,434 ^
Commercial										
Small Commercial Service						1,226	8,649	8,716	38,830	38,314
Medium Commercial Service						1,386	7,278	6,809	34,254	33,505
Large Commercial Service						1,109	6,860	8,611	62,595	67,963
Agricultural						—	3	59	329	326
Street and Outdoor Lighting						—	—	3	113	105
Commercial Subtotal						3,721	22,790	24,198	136,121	140,213
Total Sales	\$					3,735	33,572	40,191	166,908	242,647
Average Sale (in Dollars per Kilowatt hour)										
Residential	\$					0.08334	0.07274	0.06849	0.07101	0.08281
Commercial										
Small Commercial Service						0.08181	0.07749	0.07495	0.08011	0.08258
Medium Commercial Service						0.09812	0.07850	0.07657	0.08201	0.08321
Large Commercial Service						0.08530	0.07300	0.07277	0.07853	0.07804
Agricultural						—	0.06597	0.04563	0.05444	0.05430
Street and Outdoor Lighting						—	—	0.07256	0.07782	0.06931
Commercial Subtotal						0.08836	0.07639	0.07448	0.07974	0.08035
Total Average Sales	\$					0.08834	0.07518	0.07198	0.07798	0.08137

^ Large increase in residential is due to completion of citywide enrollment.

Source: *CleanPowerSF Management Reports.

**Started FY2020, the sales dollar data is based on audited financial statements.



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Operating Information

Budgeted Full-Time Equivalent (FTEs) Employees by Division

Operating and Capacity Indicators

Major Water Wholesale, Retail and Sewer Customer Accounts by Revenue

Major Electric Retail and Wholesale Customer Accounts by Revenue

Performance Measures



Photo by: Robin Scheswohl

Sunol Water Temple

Operating Information
Budgeted Full-Time Equivalent (FTEs) Employees by Division
Fiscal Years Ended 2011 to 2020

Enterprises and Bureaus	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Enterprise										
City Distribution & Water Administration	258	260	260	259	260	268	276	291	304	307
Natural Resources	69	71	81	81	82	82	84	85	86	87
Water Quality	78	78	76	76	76	81	82	83	85	85
Water Resources	26	26	25	25	24	24	23	23	23	23
Water Supply & Treatment	235	234	236	236	229	229	232	232	229	229
Total Water	666	669	678	677	671	684	697	714	727	731
Wastewater Enterprise										
Administration	13	12	12	12	11	14	12	12	12	13
Source Control* & Wastewater Labs	66	66	66	66	66	66	65	66	59	60
Environmental Engineering	43	50	50	51	53	53	54	54	58	58
Maintenance	131	143	146	147	141	141	137	138	135	135
Bayside Operations	128	117	117	117	114	115	114	114	111	113
Planning & Regulation	43	43	43	43	47	47	46	47	46	46
Sewer Collection Operations	49	51	51	51	51	51	51	51	59	59
Total Wastewater	473	482	485	487	483	487	479	482	480	484
Hetch Hetchy Water and Power Enterprise										
Hetchy Water										
Water Project Operations	185	192	195	195	201	207	203	206	211	216
Hetchy Power										
Energy Services	27	29	30	30	30	30	29	30	27	28
Long Range Planning & Light, Heat, and Power	51	53	53	53	51	51	52	52	54	54
Power Administration	22	23	23	23	23	23	20	21	21	21
Subtotal Hetchy Power	100	105	106	106	104	104	101	103	102	103
Total Hetch Hetchy Water and Power	285	297	301	301	305	311	304	309	313	319
CleanPowerSF										
Administration	Data not available - CleanPowerSF launched in May 2016.						9	11	13	19
Total CleanPowerSF							9	11	13	19
Bureaus										
Business Services Admin, AIC [#] , and Financial Services	65	69	70	70	71	71	73	73	73	73
Customer Services	106	106	106	106	106	106	103	103	104	104
Communications	21	22	22	22	22	22	22	22	21	21
General Manager and Others ^	13	13	13	13	11	11	12	13	18	19
Strategic Planning, Real Estate Services, and Community Benefits	12	17	17	18	18	18	18	18	17	17
Human Resource Services	52	55	57	57	58	59	58	58	58	58
Information Technology Services	73	73	74	74	78	78	78	78	78	78
Infrastructure	385	382	369	368	384	389	385	385	380	376
Total Bureaus	727	737	728	728	748	754	749	750	749	746
Total SFPUC annually budgeted positions	2,151	2,185	2,192	2,193	2,207	2,236	2,238	2,266	2,282	2,299
Annual Salary Ordinance Positions (AAO) ~	2,359	2,396	2,404	2,404	2,430	2,456	2,473	2,493	2,542	2,557

* Fiscal year 2014 and prior is known as BERM, acronym for Bureau of Environmental Regulation Management.

AIC is acronym for Assurance and Internal Controls. Effective Feb 2019, AIC was realigned to two teams 1. Audit and Compliance and 2. Strategy, Innovation & Change.

^ FTEs were added for Security in fiscal year 2011 and Enterprise Workforce Planning in fiscal year 2017.

~ AAO includes temporary positions and attrition.

Source: Annual Salary Ordinance.

Operating Information
Water Operating & Capacity Indicators
Fiscal Years Ended 2011 to 2020

Water	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water mains (miles) ^{^^}	1,235	1,240 *	1,240	1,240	1,240	1,718 ^	1,717 ^	1,718	1,719	1,719
Water main breaks repaired	58	74	113	116	97	136	102	133	168	142
New service installations	251	494	350	1,144	837	710	1,162	733	628	610
Meter installed and replaced	990	956	994	1,030	1,360	1,395	2,209	1,888	1,699	1,817
Responses to fire alarms	26	29	37	28	22	20	20	24	13	12
Production and Consumption (millions of gallons)										
Water production	79,215	81,252	79,935	80,582	69,553	64,454	68,995	73,330	71,272	75,034
Average daily production	217	222	219	221	191	176	189	201	195	205
Maximum daily production	312	298	302	300	255	242	283	272	275	277
Water consumption	78,011	77,390	78,695	79,453	69,306	61,932	63,706	69,344	67,319	69,934
Average daily consumption	213.7	211.7	215.6	217.7	189.9	169.2	174.6	190.0	184.5	191.1
Watershed area (acres)										
Alameda	37,055	37,314	37,314	37,314	37,314	37,314	37,314	37,314	37,314	38,306
Peninsula	22,854	22,854	22,854	22,854	22,854	22,854	22,854	22,854	22,854	22,854
Total	59,909	60,168	60,168	60,168	60,168	60,168	60,168	60,168	60,168	61,160
Reservoir storage (millions of gallons)**										
Calaveras [@]	13,644	8,418	6,337	5,488	6,491	8,774	11,986	8,220	13,026	20,390
Crystal Springs	17,189	15,486	17,191	16,707	17,380	17,103	17,385	16,192	17,015	16,940
Pilarcitos	849	784	864	815	767	783	872	773	838	849
San Andreas	5,392	4,968	5,622	5,603	5,626	5,786	5,935	5,587	5,483	5,381
San Antonio	15,483	15,395	13,456	13,579	14,433	14,927	14,576	13,263	14,835	14,434
Total	52,557	45,051	43,470	42,192	44,697	47,373	50,754	44,035	51,197	57,994
Treatment plant average capacity (millions of gallons)										
Harry Tracy	44.4	22.1	26.0	21.2	29.3	35.9	45.3	33.2	38.0	34.7
Sunol Valley ***	35.8	29.1	22.3	10.0	16.9	27.0	39.6	16.5	26.1	11.1
Total	80.2	51.2	48.3	31.2	46.2	62.9	84.9	49.7	64.1	45.8

* The increase in fiscal year 2012 included approximately 3.5 miles of pipe that was installed as part of the Mission Bay development project.

** In addition to these regional reservoirs, San Francisco Public Utilities Commission has In-city system storage capacity of 413 million gallons (value revised based on current reservoir storage operation limits).

*** The decrease in fiscal years 2014, 2018, and 2020 was due to a reduction in treating local reservoir water (Calaveras and San Antonio) in favor of increasing use of Hetchy.

^ The increase in fiscal year 2016 included the suburban mains of 245.9 miles, upcountry mains of 229.5 miles and an increase of approximately 2.8 miles of pipe that was installed as part of the Mission Bay, Candlestick Point and Hunter's View project. The decrease in fiscal year 2017 is mainly related to Pilarcitos Aqueduct.

^^ Starting fiscal year 2016, water mains (miles) includes suburban.

@ The Increase of water in the reservoir storage started in fiscal year 2019 due to the completion of the new Calaveras dam.

Source: Water Monthly Operating Report, Hetch Hetchy Capital Outlays Summary, Treatment Plant Influent Flow and Sewer Service Charge Calculation Reports.

Operating Information
Wastewater, Hetchy Water and Hetchy Power Operating & Capacity Indicators
Fiscal Years Ended 2011 to 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wastewater										
Collection System pipes (miles) [@]	Data not available FY2019 and prior									1,123
Sanitary sewers (miles) [⊖]	993	993	993	993	993	993	993	993	993	N/A
Transport/storage sewers (miles) [⊖]	17	17	24	17	17	17	17	17	17	N/A
Sewer breaks repaired	558	550	927	861	1,663	1,520	1,481	912	819	810
Inspection performed (miles)	109	125	135	90	156	80	93	135	215	191
Sewer replaced (miles)	9.2	12.7	20.6	12.8	14.9	19.5	13.6	11.0	11.4	15.2
Responses to customer calls	15,271	9,951	7,124	8,697	16,190	10,863	8,260	8,410	7,885	8,510
Treatment plant/ facilities average daily flow (millions of gallons per day)										
Oceanside plant	19.7	18.4	16.5	15.4	15.6	16.0	18.4	15.3	16.5	14.5
North Point plant	4.1	2.4	4.8	3.1	4.7	7.1	11.8	2.7	4.2	1.1
Southeast plant	73.0	65.5	67.0	66.4	64.4	65.4	74.7	61.9	70.2	56.1
Yerba Buena & Treasure Island	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3
Total	97.2	86.6	88.6	85.2	85.0	88.8	105.2	80.2	91.3	72.1
Hetchy Water										
Watershed area (square miles)										
Hetch Hetchy	459	459	459	459	459	459	459	459	459	459
Lake Eleanor	79	79	79	79	79	79	79	79	79	79
Lake Lloyd (Cherry)	114	114	114	114	114	114	114	114	114	114
Total	652	652	652	652	652	652	652	652	652	652
Reservoir storage (millions of gallons)*										
Hetch Hetchy	111,945	113,973	117,359	114,354	110,745	117,424	111,755	117,231	113,020	116,653
Lake Eleanor	8,217	7,428	7,671	7,731	7,731	8,677	7,610	8,186	8,677	8,398
Lake Lloyd (Cherry)	87,478	86,962	85,358	72,627	64,025	88,478	77,951 [△]	83,067	87,829	86,332
Total	207,640	208,363	210,388	194,712	182,501	214,579	197,316	208,484	209,526	211,383
Hetchy Power										
Hydroelectric generation (megawatt hours)										
Holm	843,926	529,520	533,719	382,689	436,499	654,952	919,492	431,659	508,060	538,201
Kirkwood	710,174	461,569	440,950	318,379	283,922	528,724	482,996	510,888	401,779	422,278
Moccasin	418,871	326,535	327,054	320,577	255,778	338,005	319,691	356,004	295,766	325,194
Moccasin Low-Head #	12,108	3,442	2,775	22	—	1,359	—	—	—	—
Total	1,985,079	1,321,066	1,304,498	1,021,667 **	976,199 **	1,523,040 ^	1,722,179 ^	1,298,551 **	1,205,605	1,285,673

@ Starting FY2020, sanitary sewers and Transport/storage sewers is Included in the Collection System pipes category, which includes combined storm and sanitary collection system pipes, sewer mains, transport/storage boxes, other storage structures, and tunnels.

*In addition to these regional reservoirs, San Francisco Public Utilities Commission has In-City System Storage Capacity of 413 million gallons (value revised based on current reservoir storage operation limits).

△ The decrease in fiscal year 2017 was mainly due to repair work at Lake Lloyd.

** The decrease in fiscal years 2014, 2015 and 2018 was mainly due to the dry year condition which resulted in less water available for hydroelectric generation.

Moccasin Low-Head was out of service in fiscal years 2015, 2017, 2018, 2019 and 2020.

^ The increase in fiscal years 2016 and 2017 was due to higher precipitation and lower water bank.

Source: Wastewater Monthly Operating Report, Hetch Hetchy Capital Outlays Summary, Treatment Plant Influent Flow, and Sewer Service Charge Calculation Reports.

Operating Information
Major Water and Sewer Customer Accounts by Revenue
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

Customer Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Wholesale Customers										
California Water Service Company	\$ 29,987	42,512	47,655	47,436	46,911	48,792	57,541	63,489	60,859	66,944
Hayward Municipal Water System	15,957	20,176	21,475	21,193	21,475	21,475	28,613	32,316	31,103	31,518
City of Palo Alto	10,528	14,761	16,389	15,855	15,743	16,946	19,975	21,985	21,134	21,773
City of Sunnyvale	7,706	11,573	13,767	12,201	12,885	15,600	17,810	21,265	19,800	21,029
City of Redwood City	8,680	11,763	13,488	12,847	13,151	14,661	17,169	18,781	18,190	19,408
Alameda County Water District	7,766	10,732	13,274	16,141	13,213	13,847	14,366	16,947	16,849	17,609
City of Mountain View	8,082	11,187	13,059	12,691	12,407	13,750	15,340	16,791	16,248	16,790
City of Milpitas	5,752	7,953	9,267	9,311	8,612	9,389	10,722	11,509	11,494	13,284
City of Daly City						8,804	12,555	13,076	12,642	12,642
ESD/San Jose Municipal Water System		5,625	6,494	6,512	7,185	8,222	9,307	10,182	9,652	9,576
Water Retail Customers										
San Francisco International Airport	2,462	2,748	2,938	3,046	3,095	3,220	3,907	4,452	4,880	4,748
Recreation & Parks Department							1,393	1,397	1,353	2,679
NASA Shared Services Center (NSSC)	988	1,341	1,548	1,551	1,484	1,347	1,741	2,514	2,243	2,481
Parkmerced Investors Properties, LLC	1,079	976	1,082	1,311	1,393	1,449	1,678	1,840	2,088	2,372
University of California, San Francisco	1,351	1,331	1,318	1,364	1,100	1,435	1,534	1,689	1,694	2,185
Golden Gate National Cemetery					649	839	836	946	900	1,320
Public Health Department		526	624	628	672	808	1,040	1,168	1,157	1,318
The Presidio										1,273
Hilton Hotel						912	653	653	856	953
Menlo Country Club										951
Sewer Retail Customers										
Parkmerced Investors Properties, LLC	2,010	1,860	1,921	2,281	2,326	2,248	2,493	2,790	3,098	3,477
University of California, San Francisco	2,840	2,564	2,120	2,078	1,882	2,266	2,068	2,360	2,414	2,852
Public Health Department	931	897	941	897	647	1,041	1,334	1,547	1,461	1,635
Hilton Hotel	620	842	815	911	873	1,261	864	1,346	1,121	1,035
NRG Energy Center San Francisco	899	822	819	779	782	874	926	970	1,043	889
The Stonestown Properties							595	722	761	831
San Francisco State University					601	618	648	860	810	803
Royal Tallow & Soap										655
Bayside Village									569	641
1169 Market	855	674	701	671	607	579	640	743	694	614

Source: San Francisco Public Utilities Commission Water Sewer System and Customer Care and Billing System.

Operating Information
Major Electric Retail and Wholesale Customer Accounts by Revenue
Fiscal Years Ended 2011 to 2020
(Dollars in Thousands)

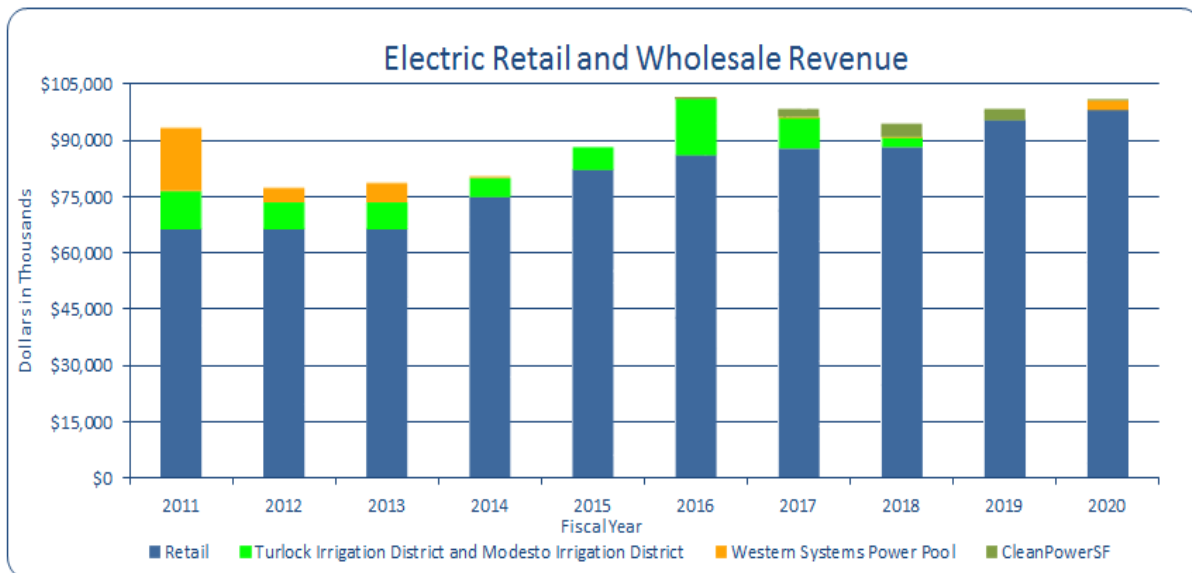
Customer Type	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Retail Customers										
San Francisco International Airport	\$ 33,895	33,659	33,244	39,199	41,614	42,687	43,070	43,434	44,574	46,248
SFPUC - Wastewater Enterprise	8,731	8,388	8,180	8,861	9,748	9,847	10,397	9,979	10,687	10,531
Administrative Services Agency	2,141	2,100	2,508	3,025	4,386	5,419	5,442	5,743	9,739	9,919
SFPUC - Water Enterprise	6,413	7,250	8,009	8,582	8,640	7,954	8,950	8,592	9,369	9,831
Municipal Transportation Agency	4,292	4,387	4,805	5,403	6,466	7,631	8,193	8,594	8,249	7,758
Department of Public Health	2,087	2,058	983	1,319	1,878	2,842	3,125	3,470	4,837	5,228
San Francisco Unified School District	1,335	1,294	1,444	1,588	1,864	2,214	2,285	2,394	2,252	2,193
Port of San Francisco	1,369	1,229	1,369	1,563	1,971	1,941	1,983	2,294	2,236	2,061
City-owned Parking Garages	1,774	1,618	1,689	1,780	1,876	1,910	1,924	1,960	1,857	1,524
Recreation and Parks Department										1,167
Wholesale Customers										
Western Systems Power Pool	16,292	3,817	5,143	127 *	N/A	50	237	668	N/A	2,780
CleanPowerSF^	Data not available - CleanPowerSF launched in May 2016.					367	1,893	3,501	3,026	339
Modesto Irrigation District	3,264	2,718	2,283	1,879 *	2,666	6,345	8,003	2,422	N/A	N/A
Turlock Irrigation District	7,302	4,622	5,100	3,263 *	3,331	8,615	387	N/A	N/A	N/A

* Reflects reduced power generation and power available for sale.

^ Sales data updated for fiscal years 2016 to 2019.

N/A No sales during the fiscal years.

Source: San Francisco Public Utilities Commission Power Enterprise Billing System.



Operating Information
Performance Measures
Fiscal Year 2020

	Target	Projection	Actual
1. Reliable Service and Assets			
Number of dry weather main sewer overflows per 100 miles of main sewer	≤ to 4	3	1.5
Percent of in-city service connections without water for more than 4 hours due to an unplanned outage	≤ to 0.1%	0.60%	0.70%
Percent of streetlight outages complying with 48-hour SFPUC response goal; complex streetlights evaluated	Meeting target at 100%	75	61
System renewal and replacement rates for in-City water distribution mains	≥ to 15 miles/year	14.0 miles	12.6 miles
System renewal and replacement rates for Wastewater pipelines	≥ to 15 miles/year 1.5%	15 miles 1.6%	N/A
2. Organizational Excellence			
Number of employees over the maximum permissible overtime threshold (25% of straight time)	0.0	10.0	N/A
3. Effective Workforce			
Number of promotions	251	251	184
Time to hire (days)	150	150	178
4. Financial Sustainability			
Average residential Power bill as a percent of median income in San Francisco	0.54%	0.54%	0.55%
Average residential Wastewater bill as a percent of median income in San Francisco	0.75%	0.75%	0.77%
Average residential Water bill as a percent of median income in San Francisco	0.63%	0.63%	0.64%
Operating cost coverage (total operational revenues/total operating costs) for Power	1.14	1.14	1.14
Operating cost coverage (total operational revenues/total operating costs) for Wastewater	1.98	1.98	1.97
Operating cost coverage (total operational revenues/total operating costs) for Water	2.07	2.07	2.09
Power debt service coverage - Indentured Coverage	1.35x	32.18x	31.37x
Wastewater debt service coverage - Indentured Coverage	1.35x	6.25x	6.08x
Water debt service coverage - Indentured Coverage	1.35x	2.02x	2.16x
5. Stakeholder and Community Interest			
Number of adults and children who have participated in transformative engagement through SFPUC sponsored education programs	≥ 4000	4000	3381
Percent of eligible customers enrolled in California Alternate Rates for Energy (CARE) for CleanPowerSF Customers	≥ 90%	53%	86%
Percent of Eligible electric customers receiving low-income discount rate	99.0%	27.0%	99.0%
Percent of eligible households enrolled in Community Assistance Program (CAP)	1) ≥ to 4.62% or 2) ≥ to 1,200	4.22%	4.32%
Percent of retail customers rating the SFPUC as "good" or better on a customer survey	≥ to 90%	89.0%	89.0%
Percentage of customer inquiry calls received via CleanPowerSF Call Center answered within 20 seconds	80% of all calls will be answered within 20 seconds	85.0%	92.0%
Percentage of customer inquiry calls received via Customer Service Bureau Call Center answered within 20 seconds	80% of all calls will be answered within 20 seconds	70.0%	71.0%
6. Environmental Stewardship			
Average water used by San Francisco residential customers (Gallons Per Capita Per Day - gpcd)	≤ to 50 gpcd	42.1	42.1
Gallons of stormwater removed annually from the combined sewer system by green infrastructure	≥ 67 million gallons (mg)	74 mg	79 mg
Percent of biogas going to beneficial uses - Oceanside Plant	≥ to 75%	Currently plant is in major upgrade and is scheduled to be completed in 2022	
Percent of biogas going to beneficial uses - Southeast Plant	≥ to 75%	40.0%	36.0%
Percent of biosolids going to beneficial use	100.0%	99.9%	99.9%
Percent of CleanPowerSF customer account retention rate	≥ to 90%	96.0%	96.1%
Percent of water supplied by alternative sources to system as a whole	≥ to 3.4%	3.20%	3.30%

Due to COVID-19, many normal data gathering and hiring procedures was limited or required changes. Therefore the Target, Projection and Actual data are presented the best that can be gathered.

Source: 2020 Strategic Plan



San Francisco Public Utilities Commission
A Department of the City and County of
San Francisco, California

Our Mission

To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

Oceanside Treatment Plant Flare Control and Stack Upgrade:

Essential crew hoisting and placing new flare stack.

Photos by: Sabrina Wong

如果您需要中文翻譯, 請致電: (415) 554-3289.

Si necesita una traducción o asistencia en español
llame al: (415) 554-3289.

Communications Division

Date of Publication: February 2021

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