



1 **SAN FRANCISCO PUBLIC UTILITIES COMMISSION**
 2 **RATE FAIRNESS BOARD**
 3 **CITY AND COUNTY OF SAN FRANCISCO**

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 5 **Minutes of Special Meeting**
 6 **Tuesday, January 14, 2025, 10:00 AM – 12:00 PM**
 7 **(Approved February 4, 2025)**

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 9 Members of the Rate Fairness Board will attend this meeting in-person. Members of
 10 the public are invited to observe the meeting in-person or remotely online as described
 11 below. Members of the public attending the meeting in person or remotely online will
 12 have an opportunity to provide public comment on every item. It is possible that not
 13 every person in the queue will have an opportunity to provide remote public comment.

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 15 **In-person Meeting:** San Francisco Public Utilities Commission (SFPUC), 525 Golden
 16 Gate Avenue, 2nd Floor, O’Shaughnessy-C Conference Room, San Francisco, CA
 17 94102

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 19 **Virtually Via Zoom:**

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 21 **1. Modern Browser (WebRTC) [Best]**

22 *Please join with a modern browser such as Google Chrome or Microsoft Edge*
 23 *(no additional installation required)*

24
 25 **2. Mobile Apple iOS or Android devices:** Mobile users can also join with Zoom
 26 Cloud Meetings App on [Apple App Store](#) for iOS or [Google Play Store](#) for
 27 Android

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 29 **3. Meeting [Link](#)**

30 **Meeting ID: 891 9035 4460**

31 **Passcode: 773665**

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 33 **4. Join by Telephone [Audio only]:** US: +1 669 900 6833 or +1 213 338 8477
 34 or +1 669 219 2599 or +1 646 518 9805

Meeting ID: 891 9035 4460

Passcode: 773665

Daniel L. Lurie
 Mayor

Kate H. Stacy
 President

Joshua Arce
 Vice President

Avni Jamdar
 Commissioner

Steve Leveroni
 Commissioner

Dennis J. Herrera
 General Manager

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 37 *Meeting will be recorded for minutes only and will not be published. By joining this*
 38 *meeting, you agree to be recorded during the duration of this meeting.*
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MEETING AGENDA

Materials Distributed: Special Meeting Agenda for January 14, 2025; Draft Special Meeting Minutes of September 12, 2024; “Report of the Chair” Presentation

1. Call to Order

The special meeting of the SFPUC Rate Fairness Board (RFB) was called to order at 10:07 AM in-person and via teleconference.

2. Roll Call

Member Name/Title	Appointed By
Howard Ash, Chair, Residential City Retail Customer	Board of Supervisors
Masood Samereie, Vice Chair, City Retail Large Business Customer	Mayor's Office
Trisha McMahon, Budget and Planning Manager	City Administrator
Calvin Quock, Budget and Revenue Analyst	Controller's Office
Vishal Trivedi, Financial Analyst of Office of Public Finance	Controller's Office
<i>Vacant</i> , City Retail Small Business Customer	Board of Supervisors
Eric Dew, Residential City Retail Customer	Mayor's Office

Roll Call:

- Present: Chair Ash, Member Trivedi, Member Quock, Member Dew*

3. General Public Comment

Members of the public may address the Rate Fairness Board (RFB) on matters that are within the Board’s jurisdiction but not on today’s agenda.

Public Comment: No public comment

4. Approval of the Special Meeting Minutes of September 12, 2024

(Discussion and Action)

Chair Ash asked Board for comments, questions, or concerns.

Member Trivedi asked to confirm his attendance of the September 12th meeting and amend minutes to note his participation.

Chair Ash requested to capitalize “Commission” on line 88.

Public Comment: No public comment.

The minutes of the special meeting of September 12, 2024, were adopted upon a motion by Member Trivedi.

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Roll Call Vote:

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- *Ayes: Chair Ash, Member Trivedi, Member Quock, Member Dew*

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5. Report of the Chair (Discussion)

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a. Schedule and Tasks for Rate Fairness Board in 2025

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Presented by Matthew Freiberg, Rates Manager

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Presenter introduces the Capacity Charge Update as one of the three key items staff are working on. Capacity charges are one-time charges for new buildings or developments when joining the system. The update would be a means to enhance equity by accounting for recent capital investments that have taken place since the last update in 2018. The updates would apply to both water and wastewater systems. The goal is to have the updates approved and ready to be implemented by July 1, 2025. Chair Ash asks when the capacity charges were last updated. The capacity charges were last updated in 2018 in the previous rate study. Erin Corvinova, Financial Planning Director explains that capacity charges increase every year automatically by a percentage that reflects construction cost increases.

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The second key item to discuss are two power rates updates. The first is the FY 25-26 power rates updates which would need to be approved to be implemented on July 1, 2025. A new power rate study will start soon and will be a bottom-up analysis looking at allocation factors. The rate study will be a year-long process that will be used to inform the rates that will be adopted on July 1, 2026, for the following 5 years.

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The presenter gives an overview of the schedule of 2025 for power rate updates, capacity charge updates, the power rate study, and upcoming Board and Commission meetings.

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Member Dew asks how this year compares to the previous power rate updates and power rate studies. The presenter explains that the power rate updates will be adjustments and the power rate study will be a completely new review.

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Member Trivedi requests if the meetings proposed in late March and early April can be combined to one meeting in that time frame.

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Presenter confirms that the attempt will be made to consolidate meetings if the work is ready.

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Vice Chair Samereie asks if the wildfires in Southern California would impact SFPUC rates. Presenter does not expect the fires will impact rates but will touch base with Water Enterprise AGM to discuss any future capital investment plans considering the fires.

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Public Comment: Honest Bodken attends in person and asks what access the public would have to see the consultant contract for the upcoming power rate study and asks if they can make a Sunshine request for the price information once it is solidified.

Matthew Freiberg, Rates Manager, confirms that the SFPUC budget is a public document with information readily available and the Rate Study is a line item.

b. FY 2025-26 Hetch Hetchy Power and CleanPowerSF Rates

Presented by Matthew Freiberg, Rates Manager

Presenter gives an overview of the rate study process and a refresher on the revenue sufficiency analysis to balance rate revenues and operating capital costs. Member Dew asks the timeframe staff uses when making the analysis. The presenter explains that they use their 10-year plan as a matrix and then make calculations for each year over the 10 years. To form projections for rates in future years, staff must make financial plan assumptions.

Presenter shares actual annual expenses of Hetch Hetchy Power and projected expenses for future years. Expenses increase every year due to escalation of costs, inflation, and extra power purchases with an average of 12% per year. Power purchasing and debt service are the main growing components. Member Trivedi asks what anticipated projects are driving the growth in the debt service. Erin Corvino, Financial Planning Director, lists projects including repairs in upcountry, pipeline replacements, and customer growth.

The Hetch Hetchy Power revenues show account growth including electrification projects, new developments, and anticipation for large projects joining. Current projections are more conservative than the previous 10-year plan. Member Dew requests to include an overlay of past revenue projections over actual revenues to track accuracy.

Presenter shows chart of fund balance actuals, projections, and projected debt service coverage ratings for Hetch Hetchy Power.

CleanPowerSF expenditures show about a 3% expense increase per year. Some expenses are solidified until 2030 and there is more uncertainty in costs after 2030. The largest portion of the expenses is power purchasing. CleanPowerSF revenues are projected to increase 1.4% yearly for the next 10 years. Member Trivedi asks what the market share is and any expectation of it to grow. CleanPowerSF serves 60% of the city and there is no expectation to grow largely with the opt out rate from customers of under 5%. Presenter shows chart of fund

172 balance actuals, projections, and projected debt service coverage
173 ratings for CleanPowerSF.

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175 Staff will refresh rate design models and go through latest billing data to
176 tabulate rates and plan to share updated rate tariffs on February 4th
177 meeting.

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179 Member Dew asks staff to provide historical context of prior proposals
180 and projections for support in analyses. Erin Corvinova, Financial
181 Planning Director, confirms staff will compile information to include in an
182 upcoming meeting.

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184 *Public Comment: No public comment.*

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187 **6. Announcements, Comments, Questions (Discussion)**

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189 Chair Ash comments on the local election measures that would change
190 the structure of the city's commissions and boards. In September of this
191 year, a 5-member appointed commission will review all commissions
192 and boards and decide on further action.

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194 Erin Corvinova, Financial Planning Director, states that staff is tracking
195 this development and will communicate any known updates.

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197 Chair Ash asked if any feedback had been received due to the recently
198 implemented stormwater service charge. Staff comments that most
199 customers are likely not aware, and some have sent complaints. When
200 complaints are received, SFPUC staff coordinates a response.

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203 *Public Comment: No public comment.*

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206 **7. Adjournment**

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208 *Meeting adjourned at 11:54 AM.*
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210 **Accessible Meeting Policy:** To obtain meeting materials in alternative format, please
211 contact the Rate Fairness Board Secretary at 415-487-5254 or via email at
212 RateFairnessBoard@sfwater.org. Providing at least 72 hours notice will help to
213 ensure availability. Written reports or background materials for calendar items are
214 available on-line at [http://www.sfmta.com/about-sfmta/organization/divisions-and-](http://www.sfmta.com/about-sfmta/organization/divisions-and-units/board)
215 [units/board-](https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-board) [board](https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-
216 <a href=).

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218 **Meeting Procedures:** Public Comment will be taken before or during the
219 Board's consideration of each agenda item. Speakers may address the Board
220 for up to three minutes on that item. During General Public Comment,
221 members of the public may address the Board on matters that are within the
222 Board's jurisdiction and are not on the agenda. Procedures do not permit: 1)
223 persons in the audience to vocally express support or opposition to statements
224 by Board Member, by other persons testifying; 2) ringing and use of cell
225 phones, pagers, and similar sound-producing electronic devices; 3) bringing in
226 or displaying signs in the meeting room; and 4) standing in the meeting room.
227 The ringing of and use of cell phones, pagers and similar sound-producing
228 electronic devices are prohibited at this meeting. Please be advised that the
229 Chair may order the removal from the meeting room of any person(s)
230 responsible for the ringing or use of a cell phone, pager, or other similar sound-
231 producing electronic devices.

232 **Know your rights under the Sunshine Ordinance:** Government's duty is to
233 serve the public, reaching its decisions in full view of the public. Commissions,
234 boards, councils, and other agencies of the City and County exist to conduct
235 the people's business. This ordinance assures that deliberations are conducted
236 before the people and that City operations are open to the people's review. For
237 information on your rights under the Sunshine Ordinance (Chapter 67 of the
238 San Francisco Administrative Code) or to report a violation of the ordinance,
239 contact by mail Sunshine Ordinance Task Force, 1 Dr. Carlton B. Goodlett
240 Place, Room 244, San Francisco, CA 94102; phone at (415) 554-7724; fax at
241 (415) 554-7854; or by e-mail at soft@sfgov.org.

242 Citizens may obtain a free copy of the Sunshine Ordinance by printing Chapter
243 67 of the San Francisco Administrative Code on the Internet, at
244 <http://www.sfbos.org/sunshine>.

245 **311 Free Language Assistance:** 免費語言協助/ Ayuda gratuita con el idioma
246 / Бесплатная помощь переводчиков / Trợ giúp Thông dịch Miễn phí /
247 Assistance linguistique gratuite / 無料の言語支援/ 무료 언어 / 지원 / ทว“มทว
248 ยเหลลลล ท“งภ“ษ“โดยไม่ว ส่วยคาลใจจ้ าย / Libreng tulong para sa wikang Tagalog ยเหลลลล

249 **Lobbyist Registration and Reporting Requirements:** Individuals and entities
250 that influence or attempt to influence local legislative or administrative action
251 may be required by the San Francisco Lobbyist Ordinance [SF Campaign &
252 Governmental Conduct Code Sec. 2.100] to register and report lobbying
253 activity. For more information about the Lobbyist Ordinance, please contact the

254 San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San
255 Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; web site
256 at www.sfgov.org/ethics.

257 **Explanatory documents** that have been provided to the Board in connection
258 with this agenda are available for public inspection online at
259 [https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-](https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-board)
260 [board](https://sfpuc.org/about-us/boards-commissions-committees/rate-fairness-board).

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