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President of the Board of Supervisors

DAVID CHIU
City Attorney

DENNIS HERRERA
General Manager, SFPUC

May 3, 2023

Via Electronic and U.S. Mail

Patricia K. Poppe
Chief Executive Officer
Pacific Gas & Electric Company
300 Lakeside Drive
Oakland, CA 94612

Re: Recent Power Outages and City Acquisition of PG&E's Electric Assets Serving San Francisco

Dear Ms. Poppe,

We write to address two issues related to PG&E's electric service in San Francisco: our concerns about recent power outages affecting San Francisco and our longer-term plans to purchase PG&E assets so that we can provide electric distribution service to the whole City.

Recent Power Outages

The City recently has experienced several power outages that created significant public health and safety risks and economic disruption. We are concerned about the frequency and duration of these outages and PG&E's response to them. The City currently lacks sufficient information about these outages to understand whether or how PG&E could have prevented them or minimized their impact. But PG&E has not met its obligations to provide accurate, responsive, and informative communications to affected customers and local officials.

As an owner and operator of several utilities, the City recognizes that service interruptions cannot always be prevented, but there is no excuse for failing to communicate about an outage with local officials, who must ensure continuity of operations for critical facilities and services when power outages occur. The City's emergency management staff, first responders, medical personnel, and other public employees, require timely and accurate information from PG&E to do their jobs and minimize harm to the public during a power outage. A few examples illustrate our concerns:

- Outages in September 2021 and October 2022 to 1011 Turk Street, which hosts the San Francisco 9-1-1 center and the citywide data center, compromised critical citywide safety and security systems. These outages caused significant disruptions in life safety operations, including but not limited to the inability for members of the public to call 9-1-1, radio inoperability, and the inability to use computer-aided dispatch technology, requiring dispatchers to use pen and paper instead. PG&E was not able to provide reliable information regarding cause or restoration during these outages. As a result, the City has had to consider Turk Street's connection to grid power as unreliable, forcing significant financial investment in back-up power infrastructure.

- During the multiple outages throughout the City in February and March 2023, Zuckerberg San Francisco General Hospital was without power for more than 15 hours, with no effective communication from PG&E about when power would be restored or why it was taking so long—crucial information for a trauma center operating on back-up generators. City officials reached out to PG&E during and after the outage, but received limited responses.
- In the outage last week, which began on Wednesday evening, thousands of customers lost power for several days and some remained without power five days later. This outage was reportedly triggered by an explosion and fire near Clay and Montgomery streets, raising significant public safety concerns. Moreover, restoring power triggered a subsequent fire in the area of the same vault, amplifying the safety concerns for this aging underground infrastructure. Again, City officials have received minimal information about the cause of these fires, and the estimated times for restoration were both lengthy and inaccurate.

The City requires information from PG&E about these recent outages and seeks PG&E's commitment going forward to provide affected customers and local officials timely and accurate information about the nature of the outage, what PG&E is doing to restore service, and its best estimate of when it will restore service.

City Acquisition of PG&E Assets

The City is focused on ensuring timely access to affordable, reliable, and clean electricity for our businesses, residents, and essential services. After a substantial commitment of time and resources on this issue, we remain united in our belief that the only path forward to achieve these goals is for the City to become responsible for all electric distribution service within our own boundaries. This was the intent of the Raker Act in 1913 and the desire of City leaders even before that. The City's collective resolve on this approach has never been stronger, and this remains a priority of City leaders.

The City is uniquely positioned to acquire these assets. For over a century, the City, through its Public Utilities Commission (SFPUC), has owned and operated its own electric utility (Hetch Hetchy Power). Through Hetch Hetchy Power, the City supplies electricity to municipal facilities, schools, hospitals, public transportation, and other facilities. In 2016, the City launched CleanPowerSF (San Francisco's Community Choice Aggregation program). Through these two programs, the SFPUC already supplies nearly 80% of the electricity consumed within the City, but both programs rely on PG&E for use of its local distribution grid. This arrangement is unusual, a source of friction for both the City and PG&E, and inconsistent with the City's goals and objectives. In recent years especially, this arrangement has caused substantial delays in the provision of essential services. After many decades, it is time for the City to gain the energy independence that comes from owning its local grid.

During PG&E's bankruptcy, and before you joined the company, the City submitted a proposal to purchase PG&E's assets serving San Francisco. After PG&E emerged from bankruptcy, the City reiterated its desire to engage in a mutually beneficial negotiation. These calls went largely unanswered under previous PG&E leadership, so the City has moved forward under state law. But we continue to hope you will reconsider the company's position and realize that a cooperative process leading to an agreement would provide significant value to PG&E's customers and shareholders.

Patricia K. Poppe
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PG&E's recently announced asset sales illustrate the company's ongoing need for capital and the limited capital market options available. As PG&E explained in a FERC filing, asset sales can "strengthen PG&E's financial condition; allow PG&E to more efficiently access equity capital to fund significant capital requirements to improve the safety and reliability of its system; and be consistent with PG&E's path to an investment grade credit rating."¹ The City's purchase of the PG&E assets serving San Francisco would provide those same benefits.

Whether or not PG&E decides to work with us on a negotiated transaction, we want to engage cooperatively with PG&E to determine the most reliable, efficient and least disruptive means of separating PG&E's electric system from the assets that the City intends to acquire. This will benefit PG&E and all ratepayers and allow PG&E to focus more on important matters such as wildfire hardening and improving the overall reliability, capacity, and safety of its system. Engaging collaboratively on the technical aspects of this project is consistent with PG&E's core goals of providing safe, reliable and efficient service to its customers. We request that PG&E's engineering team meet with the City's engineering team to identify the preferred engineering solutions for separation. We are prepared to begin these meetings as soon as possible.

We look forward to further discussions with you on both of these matters and hope to achieve expeditious and mutually beneficial resolutions.

Very truly yours,



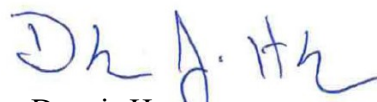
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Mayor



David Chiu
City Attorney



Aaron Peskin
President of the Board of Supervisors



Dennis Herrera
General Manager, SFPUC

cc: John R. Simon, PG&E Corporation General Counsel
Brian M. Wong, PG&E General Counsel
Members of the Board of Supervisors
Commissioners of the SFPUC

¹ Docket No. EC23-38-000. APPLICATION FOR AUTHORIZATION UNDER SECTION 203 OF THE FEDERAL POWER ACT AND REQUESTS FOR EXPEDITED ACTION AND WAIVERS https://elibrary.ferc.gov/eLibrary/filelist?accession_number=20221213-5190&optimized=false