

September 4, 2020

Angela Calvillo  
Clerk of the Board of Supervisors  
1 Dr. Carlton B. Goodlett Place  
City Hall, Room 244  
San Francisco, CA 94102

Subject: Release of \$9.5 Million Reserve for Transmission Lines 7/8 Upgrades

Dear Madam Clerk,

I would like to request your assistance to calendar the release of \$9.5 Million on Budget and Finance Committee reserve for San Francisco Public Utilities Commission (SFPUC) Transmission Lines 7/8 Upgrades.

On January 15, 2013, the Board of Supervisors passed Ordinance 4-13, authorizing, pursuant to Charter Section 9.118(a), a System Impact Mitigation Agreement with North Star Solar, LLC, requiring North Star Solar, LLC, to pay the SFPUC the costs necessary to mitigate the impacts to the City's electric system caused by the interconnection of North Star Solar, LLC's solar project to the electric grid; authorizing similar mitigation agreements with other projects in the future; appropriating funds from these agreements to pay the costs of mitigation work; and placing various mitigation funds on reserve with the Board of Supervisors' Budget and Finance Committee reserve.

In 2019, the SFPUC completed one Mitigation Project: Warnerville Switchyard Upgrades, using both capital project funds and mitigation funds from developers set aside specifically for that project.

The SFPUC has recommended an additional Mitigation Project: Transmission Lines 7/8 Upgrades. Total costs for the project are estimated at \$38 million. The Budget and Finance Committee reserve has accumulated \$8.6 million in mitigation funds, and the funds have generated approximately \$900k in accrued interest, for a total of \$9.5 million. The release of these funds will cover planning, design, and environmental review for the Transmission Lines 7/8 Upgrades project. The SFPUC anticipates collecting a total of \$33.3 million from other solar project developers (whose projects will impact SFPUC facilities). The remaining \$5 million will be funded from Hetch Hetchy Water and Power's capital plan.

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**Francesca Vietor**  
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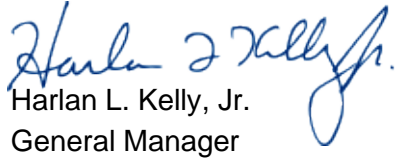
**Tim Paulson**  
Commissioner

**Harlan L. Kelly, Jr.**  
General Manager



As additional funds are received from other solar project developers, and prior to beginning construction, the SFPUC will return to the Budget and Finance Committee to request funding releases to complete the project.

Sincerely,

A handwritten signature in blue ink that reads "Harlan L. Kelly, Jr." with a stylized flourish at the end.

Harlan L. Kelly, Jr.  
General Manager