

BOARD of SUPERVISORS





City Hall
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San Francisco 94102-4689
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MEMORANDUM

Date: July 27, 2018

To: Harlan Kelly, Jr., General Manager of Public Utilities Commission

From:  Angela Calvillo, Clerk of the Board, Board of Supervisors

Subject:  Confirming City Policy that the San Francisco Public Utilities Commission (SFPUC) Provide Electricity to City Projects - Urging Pacific Gas & Electric to Cooperate with the SFPUC to Provide City Power to Projects (File No. 180693)

On July 10, 2018, the Board of Supervisors adopted Resolution No. 227-18, sponsored by Supervisor Hillary Ronen (File No. 180693, Confirming City Policy that the San Francisco Public Utilities Commission (SFPUC) Provide Electricity to City Projects - Urging Pacific Gas & Electric to Cooperate with the SFPUC to Provide City Power to Projects); enacted on July 20, 2018.

Please find the attached courtesy copy of the Resolution for the Public Utilities Commission's information and consideration.

If you have any questions or concerns, please contact the Office of the Clerk of the Board at (415) 554-5184.

c: Supervisor Hillary Ronen, Member of the Board of Supervisors
Supervisor Aaron Peskin, Member of the Board of Supervisors
Juliet Ellis, Public Utilities Commission
Donna Hood, Public Utilities Commission
John Scarpulla, Public Utilities Commission
Christopher Whitmore, Public Utilities Commission

1 [Confirming City Policy that the San Francisco Public Utilities Commission (SFPUC) Provide
2 Electricity to City Projects - Urging Pacific Gas & Electric to Cooperate with the SFPUC to
3 Provide City Power to Projects]

4 **Resolution confirming the City's policy that the San Francisco Public Utilities**
5 **Commission provide electricity to City projects where feasible; and urging Pacific Gas**
6 **& Electric to work with the San Francisco Public Utilities Commission to serve City**
7 **electric customers efficiently.**

8
9 WHEREAS, In 1913, President Woodrow Wilson signed into law the Raker Act, which
10 provided San Francisco the rights to construct the Hetch Hetchy Water and Power System
11 and required the production and delivery of clean energy to San Francisco; and

12 WHEREAS, The Raker Act intended to provide the economic benefits of cheap and
13 clean power to San Francisco to provide an alternative to service from Pacific Gas and
14 Electric (PG&E); and

15 WHEREAS, The California Constitution allows local governments to provide electricity,
16 and the City's Charter establishes that the San Francisco Public Utilities Commission
17 (SFPUC) is the City's electricity provider; and

18 WHEREAS, The City and County of San Francisco's production and delivery of clean
19 energy from Hetch Hetchy provides clean, reliable, and safe electric service as well as
20 economic benefits to the City; and

21 WHEREAS, The clean power generated and delivered by the SFPUC is 100%
22 greenhouse-gas free, and therefore helps to meet the goals of Ordinance 81-08 (on file with
23 the Clerk of the Board of Supervisors in File No. 180693 which is hereby declared to be a part
24 of this Resolution as if set forth fully herein) which set a goal of San Francisco not using any
25 fossil-fuel power by 2030; and

1 WHEREAS, The clean power generated and delivered by the City is used to power our
2 essential services, including, but not limited to, our hospitals, parks, schools, airport, and
3 MUNI; and

4 WHEREAS, Electric service provided by the SFPUC costs less than the comparable
5 service from PG&E, allowing city-funded programs to stretch their limited budgets, and
6 revenues from this service are invested back into the City's operations and used to fund
7 additional clean energy facilities and services that directly benefit the City; and

8 WHEREAS, To preserve and maximize these benefits, Chapter 99 of the San
9 Francisco Administrative Code mandates that City buildings, developments, and projects
10 receive electric service from SFPUC when feasible; and

11 WHEREAS, The City allows PG&E to provide service in San Francisco subject to a
12 non-exclusive franchise agreement that the City entered with PG&E in 1939, which means
13 that the City or another entity authorized by the City may also provide such service, and

14 WHEREAS, PG&E opposed adoption of the Raker Act and since its passage has
15 frequently obstructed the City's provision of electric service. From 1925 to 1945, PG&E
16 refused to deliver City power over PG&E's transmission and distribution system, instead
17 agreeing only to buy the power from San Francisco for delivery to PG&E's customers; and

18 WHEREAS, In 1940, the United States Supreme Court found that the Raker Act
19 prohibited San Francisco from selling power to PG&E for delivery to PG&E's customers; and

20 WHEREAS, In 1945, PG&E agreed to deliver Hetch Hetchy power to San Francisco
21 customers considered "municipal load," but PG&E continued to dispute project-by-project
22 which customers met this definition; and

23 WHEREAS, Similar arrangements continued for the next 70 years, during which time
24 PG&E refused to cooperate in providing service to certain customers, including, for example,
25

1 tenants of City property, City construction projects, and certain housing projects supported by
2 City funds, and leading at times to litigation; and

3 WHEREAS, PG&E provides distribution service to approximately 89% of the total
4 electric demand in San Francisco, and the City provides service to approximately 11%; and

5 WHEREAS, The City has not constructed electric distribution facilities to duplicate
6 those of PG&E, so its provision of electric service to most customers requires it to pay PG&E
7 for the use of PG&E's facilities; in addition, in many cases the City pays PG&E to construct
8 new facilities needed to serve City customers; and

9 WHEREAS, San Francisco currently pays PG&E approximately \$10,000,000 per year
10 to deliver power to City customers; the City also pays PG&E millions of dollars each year to
11 construct facilities needed to serve City customers; and

12 WHEREAS, The City also pays for transmission service charges that increase
13 quarterly, totaling about \$17,700,000 in 2016 and \$19,700,000 in 2017; while this is paid
14 directly to the California Independent System Operator (ISO, the independent entity that
15 operates PG&E's transmission system), a substantial portion of these charges ultimately is
16 paid to PG&E; and

17 WHEREAS, The Federal Energy Policy Act of 1992 and rules adopted by the Federal
18 Energy Regulatory Commission (FERC) (on file with the Clerk of the Board of Supervisors in
19 File No. 180693 which is hereby declared to be a part of this Resolution as if set forth fully
20 herein) now require privately owned utilities like PG&E to allow publicly owned utilities like the
21 SFPUC to use their facilities, with the goal of providing efficient electric service to benefit
22 consumers; FERC adopts standard terms and rates that are supposed to ensure fair, non-
23 discriminatory service; and

24 WHEREAS, When the San Francisco and PG&E interconnection agreement expired in
25 2015, the City began purchasing transmission service from the ISO subject to the standard

1 rates and terms approved by the FERC; the City was entitled to receive distribution service in
2 a similar manner subject to the standard requirements approved in PG&E's Wholesale
3 Distribution Tariff ("Tariff") (on file with the Clerk of the Board of Supervisors in File No.
4 180693 which is hereby declared to be a part of this Resolution as if set forth fully herein); and

5 WHEREAS, PG&E disputed the City's rights to this service and sought to impose
6 arbitrary terms that unfairly increase the City's costs and impair service to longstanding City
7 customers including those providing essential services; and

8 WHEREAS, The City and PG&E spent several years attempting to resolve these
9 disputes and enter into replacement agreements that will implement the Tariff's standard
10 terms, conditions, engineering requirements, and pricing and eventually litigated the case
11 before the FERC and are awaiting a decision on that case; and

12 WHEREAS, During the pendency of that case PG&E has imposed arbitrary technical
13 requirements that create delays and increase costs for City customers, and in some cases,
14 prevent the City from providing electricity to essential services; and

15 WHEREAS, These arbitrary technical standards are not required by the FERC-
16 approved Tariff, not required for safe and reliable service, not consistent with what PG&E
17 requires of other customers, and not reflective of good utility practice; and

18 WHEREAS, PG&E's arbitrary requirements for the type of equipment needed for
19 particular customers has harmed City departments and customers in many cases. In general,
20 customers using large amounts of electricity (such as facilities like Zuckerberg San Francisco
21 General at 3,381 Kilovolt-amp (kVA), Oceanside Water Treatment Plant at 2,075 kVA, and
22 Berry Street Pump Station at 1,687 kVA) would receive "primary service," which can result in
23 lower rates but requires equipment that takes up substantial space; also in general, customers
24 using smaller amounts of electricity (such as facilities like the Claire Lilienthal School at 461
25 kVA, Randall Museum at 100 kVA, and Kezar Gymnasium at 232 kVA) can be appropriate

1 served by “secondary service” requiring much less expensive infrastructure equipment and far
2 less space; and

3 WHEREAS, PG&E does not require primary service for its own customers unless the
4 customer has a power load of 3,000 kVA, and does not even allow a customer to choose
5 primary service unless the power load is at least 1,000 kVA, but PG&E has recently
6 demanded that City customers take primary service for a load of 75 kVA or more; and

7 WHEREAS, PG&E has imposed these discriminatory requirements in the following
8 cases, among others: Ping Yuen Housing rehabilitation at 838 Pacific Avenue (558 kVA),
9 Southeast Health Center at 2401 Keith Street (200 kVA), Golden Gate Park Tennis Center on
10 Bowling Green Drive (300 kVA), and Harvey Milk Elementary at 4235 19th Street (300 kVA);
11 and

12 WHEREAS, PG&E’s arbitrary determinations regarding primary and secondary service
13 waste City agency staff time, delay construction of City projects, significantly increase the cost
14 of obtaining electric service, and have caused essential program space to be reassigned to
15 accommodate unjustified infrastructure; and

16 WHEREAS, PG&E’s arbitrary requirements also prevent the City from providing
17 temporary power to serve the construction of City projects, including affordable housing
18 projects located at 1296 Shotwell and 490 South Van Ness; for large projects with a long
19 construction phase, this has significant impacts, including the loss of revenue, increased costs
20 to departments, and increased emissions of carbon dioxide; and

21 WHEREAS, The City and PG&E have reached a loose agreement to prevent further
22 delays and excessive costs on 17 City projects now underway; and

23 WHEREAS, San Francisco has a known pipeline of City projects beyond these 17 as
24 well as currently undetermined future projects in response to San Francisco residents’ needs
25 for public facilities and services; now, therefore, be it

1 RESOLVED, That the Board of Supervisors urges PG&E to comply with federal, state
2 and local laws and rules, including its Wholesale Distribution Tariff approved by FERC; urges
3 PG&E to stop imposing technical requirements that are not mandated by the Tariff or
4 necessary to ensure safety and reliability; and further urges PG&E to work in good faith with
5 the SFPUC to efficiently serve City customers; and further urges the City and PG&E to work
6 as a team to come to terms for long-term service; and, be it

7 FURTHER RESOLVED, That the Board of Supervisors expects both the City and
8 PG&E to designate appropriate staffing and resources to ensure timely and efficient
9 processing of City applications for temporary and permanent electric power; and be it

10 FURTHER RESOLVED, That the Board of Supervisors expects all City agencies and
11 projects to work with SFPUC to ensure the use of City electric service, consistent with the
12 Charter and Chapter 99 of the Administrative Code; and, be it

13 FURTHER RESOLVED, That the SFPUC for the next two years shall provide to the
14 Board of Supervisors a quarterly report that identifies the following: status of all City projects
15 with applications to SFPUC for electric service, including project schedules and financing and
16 other deadlines; project sponsor and SFPUC concerns in securing temporary and permanent
17 power, including any obstacles that could increase costs or delay service to City customers;
18 and the status of disputes with PG&E before the FERC or in other forums; each report should
19 identify the financial, environmental, and other costs to the City in each case; and, be it

20 FURTHER RESOLVED, That the San Francisco Board of Supervisors hereby directs
21 the Clerk of the Board to transmit copies to Pacific Gas & Electric with a request to take all
22 action necessary to achieve the objectives of this resolution.



City and County of San Francisco
Tails
Resolution

City Hall
 1 Dr. Carlton B. Goodlett Place
 San Francisco, CA 94102-4689

File Number: 180693

Date Passed: July 10, 2018

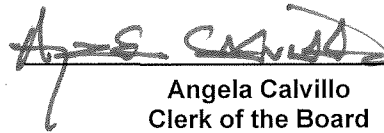
Resolution confirming the City's policy that the San Francisco Public Utilities Commission provide electricity to City projects where feasible; and urging Pacific Gas & Electric to work with the San Francisco Public Utilities Commission to serve City electric customers efficiently.

July 10, 2018 Board of Supervisors - ADOPTED

Ayes: 10 - Cohen, Breed, Fewer, Kim, Peskin, Ronen, Sheehy, Stefani, Tang and Yee
 Absent: 1 - Safai

File No. 180693

I hereby certify that the foregoing Resolution was ADOPTED on 7/10/2018 by the Board of Supervisors of the City and County of San Francisco.


 Angela Calvillo
 Clerk of the Board

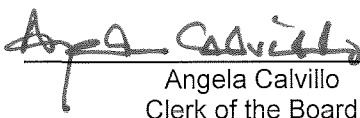
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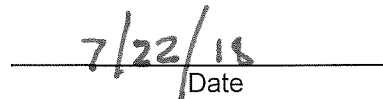
London N. Breed
 Mayor

7/20/2018

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.


 Angela Calvillo
 Clerk of the Board


 Date