

**OFFERING MEMORANDUM
DATED OCTOBER __, 2015**



Ratings: See "RATINGS" herein

**Not to Exceed \$90,000,000
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-1 (Tax-Exempt)**

The Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (Tax-Exempt) (the "Commercial Paper Notes"), are special obligations of the Public Utilities Commission of the City and County of San Francisco (the "Commission") payable solely from and secured by a pledge of Available Power Enterprise Revenues (as defined herein).

The Commission has entered into a reimbursement agreement with Bank of America, N.A. (the "Bank"), pursuant to which the Bank will issue an irrevocable direct-pay letter of credit (the "Letter of Credit") for the account of the Commission supporting payment of principal of and interest on maturing Commercial Paper Notes. If for any reason the Bank fails to make a payment due under the Letter of Credit, the Commission would have no obligation to make any payments with respect to the Commercial Paper Notes except from Available Power Enterprise Revenues, but it is unlikely that the Commission would have sufficient funds on hand and available to make the corresponding payment of principal of and/or interest on the Commercial Paper Notes. Prospective investors therefore should base their investment decision on the credit standing of the Bank, rather than of the Commission.



The Commercial Paper Notes are payable from Available Power Enterprise Revenues (as defined herein) on a subordinate basis to the Commission's outstanding Power Revenue Bonds (as described herein) and other Senior Debt. See "THE COMMISSION AND THE POWER ENTERPRISE—Senior and Parity Indebtedness" herein.

THE GENERAL FUND OF THE CITY AND COUNTY OF SAN FRANCISCO IS NOT LIABLE, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY AND COUNTY OF SAN FRANCISCO IS PLEDGED, FOR THE PAYMENT OF THE COMMERCIAL PAPER NOTES AND THE INTEREST THEREON.

The Commercial Paper Notes have not been registered under the Securities Act of 1933, as amended (the "Act"), in reliance upon an exemption from registration contained in the Act.

DEALERS

RBC Capital Markets

Goldman, Sachs & Co.

Barclays

"Bank of America Merrill Lynch" is the marketing name for the global banking and global markets businesses of Bank of America Corporation. Lending, derivatives, and other commercial banking activities are performed globally by banking affiliates of Bank of America Corporation, including Bank of America, N.A., member FDIC. Securities, strategic advisory, and other investment banking activities are performed globally by investment banking affiliates of Bank of America Corporation ("Investment Banking Affiliates"), including, in the United States, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Professional Clearing Corp., both of which are registered broker dealers and members of FINRA and SIPC, and, in other jurisdictions, by locally registered entities. Investment products offered by Investment Banking Affiliates: Are Not FDIC Insured * May Lose Value * Are Not Bank Guaranteed.

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In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants set forth in the documents pertaining to the Commercial Paper Notes and requirements of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Commercial Paper Notes is not includable in the gross income of the owners of the Commercial Paper Notes for federal income tax purposes. In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability. In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is exempt from personal income taxes imposed by the State of California (the "State"). See "TAX MATTERS" herein.

OFFERING MEMORANDUM

Not to Exceed \$90,000,000
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-1 (Tax-Exempt)

INTRODUCTION

The purpose of this Offering Memorandum is to provide certain general information in connection with the issuance and sale of the Public Utilities Commission of the City and County of San Francisco Commercial Paper Notes (Power Series) Series A-1 (the "Commercial Paper Notes").

Capitalized terms used below and not defined shall have the respective meanings given such terms in the Issuing and Paying Agent Agreement, dated as of October 1, 2015 (the "Issuing and Paying Agent Agreement"), by and between U.S. Bank National Association, as issuing and paying agent (the "Issuing and Paying Agent") and the Public Utilities Commission of the City and County of San Francisco (the "Commission"), by and between the Issuing and Paying Agent and the Commission, as applicable. If not defined below or in the Issuing and Paying Agent Agreement, capitalized terms used herein shall have the meanings given such terms in the Trust Indenture, dated as of May 1, 2015, as amended by the First Supplemental Trust Indenture, dated as of May 1, 2015, and as the same may be subsequently supplemented, amended and modified from time to time (the "Power Bonds Indenture"), between the Commission and U.S. Bank National Association, as trustee thereunder, providing for the issuance from time to time of the Commission's Power Revenue Bonds, designated as the "Power Revenue Bonds," and other obligations as provided therein, as the same may be supplemented, amended and modified from time to time.

The Commercial Paper Notes will be payable solely from Available Power Enterprise Revenues of the Commission and will be payable on a subordinate basis to the Commission's outstanding Power Revenue Bonds. **The general fund of the City and County of San Francisco (the "City") is not liable, and neither the credit nor the taxing power of the City is pledged for the payment of the Commercial Paper Notes or the interest thereon.** The Commercial Paper Notes are issued pursuant to the Charter of the City (the "Charter").

The Commission may issue and have outstanding at any one time an aggregate principal amount of Commercial Paper Notes up to \$90,000,000.

The Commission has entered into a reimbursement agreement with Bank of America, N.A. (the “Bank”), dated as of October ____, 2015 (the “Reimbursement Agreement”), pursuant to which the Bank will issue an irrevocable direct pay Letter of Credit (the “Letter of Credit”) for the account of the Commission in favor of the Issuing and Paying Agent supporting the payment of the principal of and interest on maturing Commercial Paper Notes. The Letter of Credit, which has a Stated Expiration Date of _____, 20____, may not be drawn on for any purpose other than as stated in the immediately preceding sentence.

The information in this Offering Memorandum has been obtained from the Commission, the Bank and other sources believed to be reliable. The references herein to the Ordinances (as defined herein), the Resolutions (as defined herein), the Issuing and Paying Agent Agreement, the Letter of Credit and the Reimbursement Agreement do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof. The information contained herein will not typically be distributed or updated upon each new sale of Commercial Paper Notes, although the information will be distributed from time to time.

The Commercial Paper Notes are exempt from registration under the Securities Act of 1933, as amended.

THE COMMISSION AND THE POWER ENTERPRISE

The Commission

The Commission, governed by five members appointed by the Mayor of the City (the “Mayor”), is a department of the City responsible for the maintenance, operation and development of the Water Enterprise, the Wastewater Enterprise and the Hetch Hetchy Water and Power Enterprise (which is composed of two component funds: Hetch Hetchy Water and Hetch Hetchy Power, the latter being referred to hereinafter as the “Power Enterprise”). The Water Enterprise provides retail drinking water to the City and wholesale water to customers in three other Bay Area counties. The Wastewater Enterprise, formerly known as the Clean Water Enterprise, consists of a sanitary waste and stormwater collection, treatment and disposal system for the City. The Hetch Hetchy Water and Power Enterprise consists of water supply facilities and a hydroelectric generating system, and, through the Power Enterprise, provides power to City agencies, the Modesto Irrigation District, the Turlock Irrigation District and certain other customers. Each of the Commission’s enterprises is operated and managed as a separate financial entity and separate enterprise funds are maintained for each enterprise. No revenues from either the Water Enterprise or the Wastewater Enterprise have been pledged for payment of the Power Enterprise Commercial Paper Notes and no such revenues shall be available for the repayment thereof.

The Commission operates and maintains dams and reservoirs, power generation and transmission facilities, water transmission facilities, water and wastewater treatment plants, water distribution facilities, wastewater collection facilities and power distribution facilities. The Commission’s facilities extend from the Hetch Hetchy watershed in the Sierra Nevada, across the Central Valley, over and around the southern end of San Francisco Bay and north along the San Francisco Peninsula to the City.

The Power Enterprise

Hetch Hetchy Water and Power is comprised of two key components: Hetch Hetchy Water, which operates and maintains the Hetch Hetchy Project, and Hetch Hetchy Power (known as the “Power Enterprise”), which is responsible for all SFPUC power utility commercial transactions and in-City power operations. The Hetch Hetchy Project provides water for distribution through the Water Enterprise, and hydroelectric power to municipal and other customers through the Power Enterprise.

A number of the facilities of the Hetch Hetchy Project are joint assets and are used for both water transmission and power generation and transmission, benefitting both Hetch Hetchy Water and the Power Enterprise. All power sales revenues are allocated to the Power Enterprise. Operating and capital costs benefitting the Power Enterprise and 55% of operating and capital costs that jointly benefit both Hetch Hetchy Water and the Power Enterprise are allocated to the Power Enterprise. Operating and capital costs benefitting Hetch Hetchy Water and 45% of operating capital costs jointly benefitting both Hetch Hetchy Water and the Power Enterprise are allocated to the SFPUC’s Water Enterprise.

The Power Enterprise was created in February 2005 as a separate system and accounting unit within Hetch Hetchy Water and Power. The Power Enterprise provides retail electric service to meet the municipal requirements of the City, including power to operate the SFMTA’s streetcars and electric buses, San Francisco General Hospital, City Hall, police stations, fire stations and schools, certain Port facilities, street and traffic lights, municipal buildings and other City facilities, such as SFO and to certain public agencies and retail customers and provides pedestrian and streetlight operation and maintenance services, energy efficiency, and distributed generation services to City residents and businesses and other customers. Additionally, the Power Enterprise provides power to the Modesto and Turlock Irrigation Districts and to other customers consistent with prescribed contractual obligations and federal law.

Community Choice Aggregation Service

California state law allows a local government entity to sell electricity directly to customers within the entity’s jurisdiction through a Community Choice Aggregation (“CCA”) program. Under a CCA program, a public entity may develop a portfolio of energy supplies that it purchased or produced to meet specific local targets for renewable energy or to meet other policy and service objectives. Transmission and distribution services would continue to be provided by the local utility subject to CPUC tariffs. Customers within a CCA’s jurisdiction may choose to opt-out of the program.

The SFPUC has developed a CCA program called “CleanPowerSF” for customers in San Francisco. After many years of study and development, Phase 1 of CleanPowerSF is planned to be launched in early 2016. The SFPUC does not anticipate that any of the Power Enterprise’s customers would become CCA customers as the Power Enterprise’s customers are not eligible under state law and the Power Enterprise already offers a clean energy portfolio at competitive rates. The Power Enterprise has committed to provide certain initial development funding to help launch CleanPowerSF’s program until such time that CleanPowerSF is financially independent and can repay the Power Enterprise using revenues collected from its CCA customers.

The Power Enterprise’s Trust Indenture requires that any city-wide retail electric power program, such as a CCA, be a “Separate System.” As such, CleanPowerSF is deemed to be a separate utility system apart from the Power Enterprise electric system, with CleanPowerSF’s costs supported by revenues received by its CCA customers.

Senior and Parity Indebtedness

As of October 1, 2015, the Power Enterprise had \$39,555,000 in outstanding aggregate principal amount of Power Revenue Bonds (the “Series 2015 A and B Power Revenue Bonds”). The Commercial Paper Notes are secured on a subordinate basis to the Series 2015 A and B Power Revenue Bonds. The Series 2015 A and B Power Revenue Bonds have underlying ratings of AA- by Fitch, Inc. (“Fitch”) and A+ by Standard & Poor’s Ratings Services (“Standard & Poor’s”).

As of October 1, 2015, the Power Enterprise also had \$17,766,855 in outstanding aggregate principal amount of Subordinate Obligations. The Subordinate Obligations consist of certain federal subsidy bonds (clean renewable energy bonds, new clean renewable energy bonds and qualified energy conservation bonds) that were privately placed on a non-rated basis. The Commission intends to issue, on a privately-placed, non-rated basis, \$4,100,000 of new clean renewable energy bonds (the “2015 NCREBs”) in mid-October 2015. The 2015 NCREBs will also be Subordinate Obligations of the Power Enterprise. The Commercial Paper Notes are secured on a parity basis to the Subordinate Obligations.

Subject to the rate covenant and additional bonds test discussed under the caption “THE COMMERCIAL PAPER NOTES—Limited Obligation of Commercial Paper Notes,” there is no limitation in the Charter, the Resolutions, the Ordinances or the Issuing and Paying Agent Agreement on Commission indebtedness senior to the Commercial Paper Notes. The Commission can, with majority voter approval or a two-thirds vote of the Board, authorize additional Power Revenue Bonds, the payment of which will be prior to the payment of the Commercial Paper Notes. The Commission also can authorize additional indebtedness on parity with the Commercial Paper Notes, including additional Subordinate Obligations, without notice to, or consent of, any holder of the Commercial Paper Notes.

Timely payment of the Commercial Paper Notes may be dependent upon the availability of the funds under the Letter of Credit.

Investment Policy

The investment policy of the City is reviewed annually and is subject to change. A copy of the City’s Annual Statement of Investment Policy can be found at <http://www.sftreasurer.org/>.

Power Enterprise Financial Statements

The financial statements of the Power Enterprise for the Fiscal Year ended June 30, 2014 are attached hereto as Appendix C. Additional financial and operating data relating to the Commission may be found in the Commission’s most recent Continuing Disclosure Annual Report filed annually with the Municipal Securities Rulemaking Board, and may also be found on the Commission’s official website at www.sfwater.org. See “ADDITIONAL INFORMATION.”

THE COMMERCIAL PAPER NOTES

The Commercial Paper Notes are authorized to be issued pursuant to the Charter; Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by Ordinance No. 203-98 (the “Procedural Ordinance”), adopted on June 8, 1998 by the Board and signed by the Mayor on June 19, 1998, as amended by Ordinance 270-06 adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, to establish a procedure for the Commission to issue commercial paper; Resolution No. _____ adopted on _____, 2015 by the Commission; and Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015, Ordinance No. 41-

15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Ordinance No. _____, adopted on _____, 2015 by the Board and signed by the Mayor on _____, 2015 (collectively, the “Approving Ordinance” and collectively with the Procedural Ordinance, the “Ordinances”), providing for and approving of the issuance by the Commission of not to exceed \$90,000,000 principal amount of Commercial Paper Notes.

The Commercial Paper Notes are issued pursuant to the terms of the Issuing and Paying Agent Agreement.

The Commercial Paper Notes will be issued from time to time to finance projects associated with the Commission’s Power Enterprise. The Commission may issue, and have outstanding at any one time, an aggregate principal amount of Commercial Paper Notes up to \$90,000,000.

The Commercial Paper Notes are dated the date of their original issuance, issued in book-entry form only in denominations of \$100,000, and in integral multiples of \$1,000 in excess of \$100,000, and bear interest at separately stated interest rates not to exceed 12% per annum.

The Commercial Paper Notes are fully registered notes registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership interests in the Commercial Paper Notes are available in book-entry form only, and purchasers of the Commercial Paper Notes will not receive certificates representing their interests in the Commercial Paper Notes purchased. While held in book-entry form, all payments of principal of and interest on the Commercial Paper Notes will be made by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See APPENDIX A – “BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES.”

Each Commercial Paper Note will bear interest payable at maturity at an annual rate calculated on the basis of actual days elapsed and a year of 365 or 366 days, as applicable.

Each Commercial Paper Note will mature not more than 270 days after its issuance date, but in no event later than the Business Day immediately preceding the Termination Date of the Letter of Credit (defined below).

Each Commercial Paper Note (i) will be sold at a price of not less than 100% of the principal amount thereof, and (ii) will mature on a Business Day. The Commercial Paper Notes will not be subject to redemption prior to maturity. Payments of principal of and interest on maturing Commercial Paper Notes will be made by the Issuing and Paying Agent directly to DTC.

Limited Obligation of Commercial Paper Notes

The Commercial Paper Notes will be payable solely from the proceeds of Commercial Paper Notes, Available Power Enterprise Revenues or amounts drawn pursuant to the related Letter of Credit, as provided in the Issuing and Paying Agent Agreement. THE GENERAL FUND OF THE CITY AND COUNTY OF SAN FRANCISCO IS NOT LIABLE, AND NEITHER THE CREDIT NOR THE TAXING POWER OF THE CITY AND COUNTY OF SAN FRANCISCO IS PLEDGED, FOR THE PAYMENT OF THE COMMERCIAL PAPER NOTES. Capitalized terms used below and not defined have the respective meanings given such terms in the Issuing and Paying Agent Agreement or the Power Bonds Indenture.

“Available Power Enterprise Revenues,” means all of the moneys in the Revenue Fund (as defined in the Power Bonds Indenture and comprised primarily of Power Enterprise Revenues and earnings thereon) remaining after (a) the payments required by Subsections 5.5(a)-(e) of the Power Bonds Indenture, and all other amounts payable on parity with amounts paid under Subsection 5.1(f) of the Power Bonds Indenture pursuant to the terms thereof and (b) all amounts required to be paid for principal, interest, reserve fund and any other debt service or other requirements under any other indenture or resolution of the Commission relating to any Subordinate Obligations (including the Commercial Paper Notes) as the same become due and payable.

“Power Enterprise Revenues” has the meaning ascribed to the term “Net Revenues” in the Power Bonds Indenture, which is defined as, for any Fiscal Year (or other designated twelve-month period), Revenues in such Fiscal Year (or other designated twelve-month period), less (a) Operation and Maintenance Expenses, and (b) any Priority R&R Fund Deposit for such Fiscal Year (or other designated twelve-month period).

“Revenues” means all revenues, rates and charges received and accrued by the Commission for electric power and energy and other services, facilities and commodities sold, furnished or supplied by the Power Enterprise, together with income, earnings and profits therefrom (including interest earnings on the proceeds of any Bonds pending application thereof), as determined in accordance with GAAP. “Revenues” includes payments to the Power Enterprise on or with respect to loans from any Separate System maintained by the Commission. “Revenues” do not include (a) proceeds from the issuance of any obligations for borrowed money, (b) amounts loaned to the Power Enterprise, (c) Swap Agreement Receipts, (d) proceeds from taxes, (e) customer deposits while retained as such, (f) contributions in aid of construction, (g) gifts, (h) grants, (i) insurance or condemnation proceeds that are properly allocable to a capital account, (j) non-cash revenues or gains that may be required or permitted under GAAP, including mark-to-market gains and deferred revenues, (k) money received by the Commission as the proceeds of the sale of any portion of the properties of the Power Enterprise, (l) amounts by their terms not available for the payment of Operation and Maintenance Expenses or Principal and interest on the Bonds, (m) Refundable Credits; (n) revenues of any Separate System, (n) Water Enterprise revenues as defined in the document or agreement governing the then-outstanding senior lien obligations of the Water Enterprise for borrowed money, and (o) Wastewater Enterprise revenues as defined in the document or agreement governing the then-outstanding senior lien obligations of the Wastewater Enterprise for borrowed money.

Under the Issuing and Paying Agent Agreement, the Commission will covenant to establish, maintain and collect rates and charges with respect to the Power Enterprise sufficient (after giving effect to the expected receipt of refinancing proceeds from the sale of Commercial Paper Notes or Power Revenue Bonds) to pay the Commercial Paper Notes, including any Bank Notes that are outstanding. The Commission also will covenant not to issue any additional bonds, notes or other obligations for borrowed money payable from or secured by the revenues of the Power Enterprise unless the Commission certifies that either (i) actual revenues for the most recently completed fiscal year or (ii) projected revenues for the next three fiscal years following the issuance of such additional bonds, notes or other indebtedness, are or will be sufficient to satisfy the rate covenant defined above, assuming the issuance of such additional bonds, notes or other indebtedness to pay any maturing Commercial Paper Notes.

LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT

The following description is a summary of certain provisions of the Letter of Credit and the Reimbursement Agreement. Such summary does not purport to be a complete description or restatement of the material provisions of the Letter of Credit or the Reimbursement Agreement. Investors should obtain and review copies of the Letter of Credit and the Reimbursement Agreement in order to understand

all of the terms of those documents. All capitalized terms appearing under this heading “LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT” shall have the meanings assigned to them in the Reimbursement Agreement.

Letter of Credit

The Letter of Credit is an irrevocable transferable obligation of the Bank and supports the payment of principal of and interest on maturing Commercial Paper Notes only. The Letter of Credit may not be drawn on for any other purpose. The Letter of Credit will be issued in an amount equal to the maximum principal amount of \$90,000,000 of the Commercial Paper Notes plus 270 days’ interest thereon at the rate of 12% per annum calculated on the basis of a year of 365 days (the “Stated Amount”). The Issuing and Paying Agent is authorized to draw on the Letter of Credit in an aggregate amount not to exceed the Stated Amount of the Letter of Credit and in accordance with the terms and conditions and, subject to the reductions and reinstatements as described therein, in amounts as set forth in the Letter of Credit, in one or more Drawings (as defined in the Letter of Credit), payable as set forth in the Letter of Credit on any Business Day (as defined in the Letter of Credit), by presentation of the appropriate certifications, (i) for the payment at maturity of the principal of and interest on Commercial Paper Notes or (ii) for the payment at maturity of the principal of and interest to maturity on Commercial Paper Notes that otherwise mature on or after the date that the Issuing and Paying Agent receives a Final Drawing Notice (as defined in the Letter of Credit) from the Bank.

Upon the Bank honoring any Drawing, the Stated Amount and the amount available to be drawn under the Letter of Credit by the Issuing and Paying Agent pursuant to any subsequent Drawing shall be automatically decreased by an amount equal to the amount of such Drawing. In connection therewith, the Stated Amount shall be increased when and to the extent, but only when and to the extent (i) (A) of transfer by the Issuing and Paying Agent to the Bank on the date such Drawing is honored of proceeds of Commercial Paper Notes issued on such date or (B) the Issuing and Paying Agent receives written notice from the Bank that the Bank has been reimbursed by or on behalf of the Commission for any amount drawn under the Letter of Credit by any Drawing, and (ii) that the Issuing and Paying Agent has not received a No-Issuance Notice (as defined in the Letter of Credit) from the Bank.

The Letter of Credit shall expire at the close of business of Bank of America, on the date (the earliest of such date to occur referred to as the “Termination Date”) which is the earliest of (i) _____, 2017 (unless extended pursuant to the terms of the Letter of Credit), (ii) the later of the date on which the Bank receives written notice from the Issuing and Paying Agent that an Alternate Facility (as defined in the Issuing and Paying Agent Agreement) has been substituted for the Letter of Credit in accordance with the Issuing and Paying Agent Agreement and the effective date of any such Alternate Facility (after the Bank honors any properly presented and conforming Drawing on such date), (iii) the date on which the Bank receives written notice from the Issuing and Paying Agent that there are no longer any Commercial Paper Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Letter of Credit, and (iv) the earlier of (a) the fifteenth (15th) calendar day after the date on which the Issuing and Paying Agent receives the Final Drawing Notice, and (b) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored under the Letter of Credit.

Reimbursement Agreement Events of Default

If any of the following events occurs, each such event will be an “Event of Default” under the Reimbursement Agreement:

(a) the Commission fails to pay, or cause to be paid, as and when due, (i) any Reimbursement Obligation (as defined in the Reimbursement Agreement), or (ii) any Obligation (as defined in the Reimbursement Agreement) (other than a Reimbursement Obligation) under the Reimbursement Agreement or under the Fee Agreement (as defined in the Reimbursement Agreement) and, in such case, such failure continues for five (5) Business Days (as defined in the Reimbursement Agreement);

(b) any representation or warranty made by or on behalf of the Commission in the Reimbursement Agreement or in any other Basic Document (as defined in the Reimbursement Agreement) or in any certificate or statement delivered thereunder is incorrect or untrue in any material respect when made or deemed to have been made or delivered;

(c) the Commission defaults in the due performance or observance of certain covenants set forth in the Reimbursement Agreement;

(d) the Commission defaults in the due performance or observance of any other term, covenant or agreement contained in the Reimbursement Agreement or any other Basic Document and such default remains unremedied for a period of thirty (30) days after the occurrence thereof;

(e) the Commission or the City and County of San Francisco, directly or indirectly, (i) has entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) becomes insolvent or does not pay, or is unable to pay, or admits in writing its inability to pay, its debts generally as they become due, (iii) makes an assignment for the benefit of creditors, (iv) applies for, seeks, consents to, or acquiesces in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property (as defined in the Reimbursement Agreement), (v) institutes any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, marshalling of assets, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fails to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) takes any corporate action in furtherance of any matter described in clauses (i) through (v) above, or (vii) fails to contest in good faith any appointment or proceeding described in paragraph (f) under the “LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT— Reimbursement Agreement Events of Default,”;

(f) a custodian, receiver, trustee, examiner, liquidator or similar official is appointed for the Commission or the City and County of San Francisco or any substantial part of its Property, or a proceeding described in clause (v) of paragraph (e) under the “LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT— Reimbursement Agreement Events of Default,” above is instituted against the Commission or the City and County of San Francisco and such proceeding continues undischarged, undismissed and unstayed for a period of thirty (30) days;

(g) a debt moratorium, debt restructuring, debt adjustment or comparable restriction is imposed on the repayment when due and payable of the principal of or interest on any Debt (as defined in the Reimbursement Agreement) of the Commission by the Commission or any Governmental Authority with appropriate jurisdiction;

(h) any material provision of the Reimbursement Agreement, the Charter or any other Basic Document at any time for any reason ceases to be valid and binding on the Commission as a result of any legislative or administrative action by a Governmental Authority with competent jurisdiction or shall be declared in a final non appealable judgment by any court with competent jurisdiction to be null and void, invalid, or unenforceable, or the validity or enforceability thereof is publicly contested by the Commission, or the Commission publicly contests the validity or enforceability of any obligation to pay Power Enterprise Debt, including, without limitation, the Power Bonds Indenture, or any Authorized Representative publicly repudiates or otherwise denies in writing that it has any further liability or obligation under or with respect to any provision of the Reimbursement Agreement, the Charter, any other Basic Document or any operative document related to Power Enterprise Debt, including, without limitation, the Power Bonds Indenture;

(i) dissolution or termination of the existence of the Commission;

(j) the Commission (i) defaults on the payment of the principal of or interest on any Power Enterprise Debt (as defined in the Reimbursement Agreement), beyond the period of grace, if any, provided in the instrument or agreement under which such Power Enterprise Debt was created or incurred; or (ii) defaults in the observance or performance of any agreement or condition relating to any Power Enterprise Debt, including, without limitation, any Bank Agreement, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Power Enterprise Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Power Enterprise Debt;

(k) the Commission (i) defaults on the payment of the principal of or interest on any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, beyond the period of grace, if any, provided in the instrument or agreement under which such Debt (other than Power Enterprise Debt) was created or incurred; or (ii) defaults in the observance or performance of any agreement or condition relating to any Debt (other than Power Enterprise Debt) aggregating in excess of \$10,000,000, or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event occurs or condition exists, the effect of which default, event of default or similar event or condition is to permit (determined without regard to whether any notice is required) any such Debt to become immediately due and payable in full as the result of the acceleration, mandatory redemption or mandatory tender of such Debt (other than Power Enterprise Debt);

(l) any final, nonappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, in an aggregate amount not less than \$10,000,000 are entered or filed against the Commission or against any of its Property and remain unpaid, unvacated, unbonded and unstayed for a period of sixty (60) days;

(m) (i) the Commission shall default in the due performance or observance of any material term, covenant or agreement contained in any other Basic Document and the same shall not have been cured within any applicable cure period or (ii) any "event of default" under any other Basic Document (as defined respectively therein) has occurred;

(n) a ruling, assessment, notice of deficiency or technical advice by the Internal Revenue Service is rendered to the effect that interest on the Commercial Paper Notes is

includable in the gross income of the holder(s) or owner(s) of such Commercial Paper Notes and either (i) the Commission, after it has been notified by the Internal Revenue Service, does not challenge such ruling, assessment, notice or advice in a court of law during the period within which such challenge is permitted or (ii) the Commission challenges such ruling, assessment, notice or advice and a court of law makes a determination, not subject to appeal or review by another court of law, that such ruling, assessment, notice or advice is correctly rendered;

(o) any of Fitch, Moody's and S&P (i) downgrades its long term unenhanced rating of any Parity Debt or Senior Debt (as defined in the Reimbursement Agreement) of the Commission to below "A-" (or its equivalent), "A3" (or its equivalent), or "A-" (or its equivalent) respectively, and such rating remains below "A-" (or its equivalent), "A3" (or its equivalent), or "A-" (or its equivalent) for one hundred twenty (120) days, or (ii) suspends or withdraws its rating of the same; or

(p) the passage of any Law (as defined in the Reimbursement Agreement) has occurred which could reasonably be expected to have a material adverse effect on the Commission's ability to perform its obligations under the Reimbursement Agreement or the other Basic Documents or to result in a material adverse effect on the enforceability or validity of the Reimbursement Agreement or any of the other Basic Documents.

Reimbursement Agreement Remedies

Upon the occurrence of any Event of Default under the Reimbursement Agreement, the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies provided in the Reimbursement Agreement or by law provided:

(a) declare all Obligations to be immediately due and payable, whereupon the same are immediately due and payable without any further notice of any kind, which notice is waived by the Commission; provided, however, that in the case of an Event of Default described in paragraph (e), (f) or (g) above under the subcaption "LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT— Reimbursement Agreement Events of Default," such acceleration will automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) issue a No Issuance Notice (the effect of which will be as provided in the Reimbursement Agreement), reduce the Stated Amount of the Letter of Credit to the amount of the then outstanding Commercial Paper Notes supported by the Letter of Credit plus a corresponding amount of interest coverage and/or terminate the Stated Amount as the then outstanding Commercial Paper Notes are paid; or

(c) issue the Final Drawing Notice (the effect of which will be to cause the Termination Date of the Letter of Credit to occur on the fifteenth (15) calendar day after the date of receipt thereof by the Issuing and Paying Agent); or

(d) pursue any rights and remedies it may have under the Basic Documents; or

(e) pursue any other action available at law or in equity.

THE BANK

The following information has been furnished by the Bank for use in this Offering Memorandum. Such information has not been independently confirmed or verified by the Commission. No representation is made herein by the Commission as to the accuracy or adequacy of such information subsequent to the date hereof, or that the information contained and incorporated herein by reference is correct. The Commission has assumed no obligation to update such information in the future, or to advise of any adverse change in the financial condition of the Bank. Investors are advised to obtain and carefully review any financial reports and other information published after the date hereof about the Bank prior to making a decision to purchase the Commercial Paper Notes.

Bank of America, N.A. (the “Letter of Credit Bank”) is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Letter of Credit Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “Corporation”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 31, 2015, the Letter of Credit Bank had consolidated assets of \$1.60 trillion, consolidated deposits of \$1.24 trillion and stockholder’s equity of \$203.51 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2014, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “SEC”).

Filings can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, United States, at prescribed rates. In addition, the SEC maintains a website at <http://www.sec.gov> which contains reports, proxy statements and other information regarding registrants that file such information electronically with the SEC.

The information concerning the Corporation and the Letter of Credit Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Letter of Credit Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the SEC pursuant to the Exchange Act), and the publicly available portions of the most recent quarterly Call Report of the Letter of Credit Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon St, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communication

PAYMENTS OF PRINCIPAL AND INTEREST ON THE SERIES A-3 NOTES WILL BE MADE FROM DRAWINGS UNDER THE BANK OF AMERICA LETTER OF CREDIT. ALTHOUGH THE BANK OF AMERICA LETTER OF CREDIT IS A BINDING OBLIGATION OF

THE LETTER OF CREDIT BANK, THE SERIES A-3 NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE SERIES A-3 NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Letter of Credit Bank since the date of the most recent filings referenced herein, or that the information contained or referred to under this caption is correct as of any time subsequent to the referenced date.

RATINGS

Fitch Ratings has assigned a rating of “___” on the Commercial Paper Notes. Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services, LLC business, has assigned a rating of “___” on the Commercial Paper Notes. Each of such ratings is based on the understanding that the Letter of Credit has been executed and delivered by the Bank.

Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the agencies at the following addresses: Fitch Ratings, 99 Church Street, New York, New York 10004 and Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, 55 Water Street, New York, New York 10004. The Commission furnished to such rating agencies certain information and materials regarding the Commercial Paper Notes and the Power Enterprise. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and its Letter of Credit and Reimbursement Agreement. There is no assurance such ratings will continue for any given period or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant and, therefore, any prospective purchaser should confirm the ratings prior to purchasing the Commercial Paper Notes. Any such change in or withdrawal of such ratings could have an adverse effect on the market for or market price of the Commercial Paper Notes. The above ratings are not recommendations to buy, sell or hold the Commercial Paper Notes. The Commission has not undertaken to provide notice to the holders of the Commercial Paper Notes of any change in the ratings on the Commercial Paper Notes.

The ratings on the Commercial Paper Notes may be adversely affected by a downgrade of the credit ratings of the Bank. The Commission undertakes no responsibility to oppose any such change or withdrawal. Although the Commission has covenanted to maintain a liquidity facility for the Commercial Paper Notes, it is not obligated to replace the Bank in the event of a downgrade of the Bank’s rating. The Commission has not covenanted to provide notice to holders of the Commercial Paper Notes of any downgrade of the credit ratings of the Bank.

ABSENCE OF LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body pending or, to the best of the knowledge of the Commission after reasonable investigation, threatened in any way (i) seeking to restrain or enjoin the issuance, sale or delivery of any of the Commercial Paper Notes or (ii) challenging the validity of the Commercial Paper Notes.

THE DEALERS

The Commission has appointed RBC Capital Markets, LLC, Goldman, Sachs & Co., and Barclays Capital Inc., each as a non-exclusive dealer with respect to the offering and sale of the Commercial Paper Notes.

TAX MATTERS

General

In the opinion of Sidley Austin LLP, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions and assuming compliance with certain covenants set forth in the Issuing and Paying Agent Agreement and requirements of the Internal Revenue Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Commercial Paper Notes and the timely payment of certain investment earnings to the United States, interest on the Commercial Paper Notes is not includable in the gross income of the owners of the Commercial Paper Notes for federal income tax purposes. Failure to comply with such covenants and requirements may cause interest on the Commercial Paper Notes to be included in gross income retroactively to the date of issuance of the Commercial Paper Notes.

In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals and corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

Ownership of, or the receipt of interest on, tax-exempt obligations may result in collateral income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S corporations with excess passive income, individual receipts of Social Security or Railroad Retirement benefits, and taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Bond Counsel expresses no opinion as to any collateral tax consequences and, accordingly, prospective purchasers of the Commercial Paper Notes should consult their tax advisors as to the applicability of any collateral tax consequences.

Certain requirements and procedures contained or referred to in the Issuing and Paying Agent Agreement and other relevant documents may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. Bond Counsel expresses no opinion as to the effect of any change to any document pertaining to the Commercial Paper Notes or of any action taken or not taken where such change is made or action is taken or not taken without Bond Counsel's approval or in reliance upon the advice of counsel other than Bond Counsel with respect to the exclusion from gross income of interest on the Commercial Paper Notes for federal income tax purposes.

Information Reporting and Backup Withholding

Interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. While this reporting requirement does not, by itself, affect the excludability of interest from gross income for federal income tax purposes, the reporting requirement

causes the payment of interest with respect to the Commercial Paper Notes to be subject to backup withholding if such interest is paid to beneficial owners that (a) are not “exempt recipients,” and (b) either fail to provide certain identifying information (such as the beneficial owner’s taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients, whereas corporations and certain other entities are exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner are allowed as a refund or credit against such beneficial owner’s federal income tax liability so long as the required information is furnished to the IRS.

State Tax-Exemption

In the further opinion of Bond Counsel, interest on the Commercial Paper Notes is exempt from personal income taxes imposed by the State.

Future Developments

Future or pending legislative proposals, if enacted, regulations, rulings or court decisions may cause interest on the Commercial Paper Notes to be subject, directly or indirectly, to federal income taxation or to State or local income taxation, or may otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Legislation or regulatory actions and future or pending proposals may also affect the economic value of the federal or State tax exemption or the market value of the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes should consult their tax advisors regarding pending or proposed federal or State tax legislation, regulations, rulings or litigation, as to which Bond Counsel expresses no opinion.

For example, various proposals have been made in Congress and by the President that would subject interest on bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds, to federal income tax payable by certain bondholders with adjusted gross income in excess of specified thresholds. Prospective purchasers should consult their tax advisors as to the effect of such proposals on their individual situations.

A copy of the form of opinion of Bond Counsel is attached hereto as APPENDIX B.

NO CONTINUING DISCLOSURE

The Commercial Paper Notes are exempt from the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12, and the Commission has not undertaken to provide annually any secondary market information with respect to the Commercial Paper Notes.

LEGAL MATTERS

Upon the issuance of the Commercial Paper Notes, Sidley Austin LLP, San Francisco, California, Bond Counsel, will render the legal opinion described in “TAX MATTERS” above, the form of which is set forth in Appendix B hereto. Bond Counsel is not passing upon and undertakes no responsibility for the accuracy, completeness or fairness of the information contained in this Offering Memorandum. Certain matters will be passed upon for the Bank by McGuireWoods LLP.

ADDITIONAL INFORMATION

Information herein concerning the Commission is limited. No attempt has been made to summarize the Issuing and Paying Agent Agreement, the Letter of Credit, or the Reimbursement Agreement. The descriptions of and reference to such documents contained herein do not purport to be complete, and such references to and descriptions of such documents and all other documents and other items described herein are qualified in their entirety by reference to each such document and item. Capitalized terms used herein not otherwise defined shall have the meanings ascribed thereto in the Issuing and Paying Agent Agreement.

Pursuant to continuing disclosure undertakings of the Commission in connection with certain outstanding bonds, the Commission is obligated to provide certain financial information and operating data (each, an “Annual Report”) not later than 270 days following the end of its fiscal year (presently June 30), and to provide notices of the occurrence of certain listed events under securities laws. The Commission will file each Annual Report with the MSRB. The Commission will file any notices of listed events with the MSRB. The most recent Annual Report filed with the MSRB was prepared for the fiscal year ended June 30, 2014.

The information and opinions herein and in any reports or filings pursuant to the Commission’s continuing disclosure undertakings described above are subject to change without notice, and neither the delivery thereof nor the delivery of this Offering Memorandum shall, under any circumstances, create any implication that there has been no change in the affairs of the Commission or other matters described therein or herein.

Copies of the Resolutions, the Ordinances, the Letter of Credit, the Reimbursement Agreement, and the Issuing and Paying Agent Agreement may be obtained from the Dealers, and may also be obtained from the Commission at the following address:

City and County of San Francisco
Public Utilities Commission
Attention: Assistant General Manager, Business Services & Chief Financial Officer
525 Golden Gate Ave., 13th Floor
San Francisco, California 94102
Tel: (415) 554-3155
Fax: (415) 554-3161

No dealer or other person has been authorized by the Commission to give any information or to make any representations other than those contained in this Offering Memorandum, and if given or made, such other information or representations must not be relied upon as having been authorized by the Commission.

The Dealers have provided the following sentence for inclusion in this Offering Memorandum. The Dealers have reviewed the information in this Offering Memorandum in accordance with, and as part of, their responsibility to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Dealers do not guarantee the accuracy or completeness of such information.

APPENDIX A

BOOK-ENTRY SYSTEM FOR COMMERCIAL PAPER NOTES

General

One master Commercial Paper Note in the aggregate principal amount not exceeding the \$90,000,000 available to secure the Commercial Paper Notes (Power Series) Series A-1 under the Letter of Credit has been registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, NY. DTC will act as securities depository for the Commercial Paper Notes.

Book-Entry System

DTC will act as securities depository for the Commercial Paper Notes. The Commercial Paper Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for the Commercial Paper Notes, in the aggregate principal amount of the Commercial Paper Notes, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Commercial Paper Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Commercial Paper Notes on DTC’s records. The ownership interest of each actual purchaser of each Commercial Paper Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Commercial Paper Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Commercial Paper Notes, except in the event that use of the book-entry system for the Commercial Paper Notes is discontinued.

To facilitate subsequent transfers, all Commercial Paper Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Commercial Paper Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Commercial Paper Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Commercial Paper Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Commercial Paper Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Commercial Paper Notes. For example, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Commercial Paper Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Commercial Paper Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of and interest on the Commercial Paper Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or the Issuing and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Issuing and Paying Agent, or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal of and interest evidenced by the Commercial Paper Notes to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NEITHER THE COMMISSION NOR THE ISSUING AND PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

Neither the Commission nor the Issuing and Paying Agent can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of and interest on the Commercial Paper Notes paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Offering Memorandum.

Discontinuation of the Book-Entry Only System

DTC may discontinue providing its services as securities depository with respect to the Commercial Paper Notes at any time by giving reasonable notice to the Commission or the Issuing and Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Commercial Paper Note certificates will be printed and delivered as described in the Issuing and Paying Agent Agreement.

The Commission may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Commercial Paper Note certificates will be printed and delivered as described in the Issuing and Paying Agent Agreement.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE COMMERCIAL PAPER NOTES, AS NOMINEE OF DTC, REFERENCES HEREIN TO THE OWNERS OR HOLDERS OF THE COMMERCIAL PAPER NOTES (OTHER THAN UNDER THE CAPTION "TAX MATTERS" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE COMMERCIAL PAPER NOTES.

NEITHER THE COMMISSION, THE ISSUING AND PAYING AGENT, NOR THE DEALERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DTC DIRECT PARTICIPANT, OR INDIRECT PARTICIPANT; (II) THE DELIVERY OF ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO THE OWNERS OF THE COMMERCIAL PAPER NOTES UNDER THE ISSUING AND PAYING AGENT AGREEMENT; (III) THE PAYMENT BY DTC OR ANY DTC DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OR INTEREST DUE WITH RESPECT TO THE COMMERCIAL PAPER NOTES; (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED OWNER OF COMMERCIAL PAPER NOTES; OR (V) ANY OTHER MATTER.

APPENDIX B

FORM OF BOND COUNSEL OPINION

_____, 2015

Public Utilities Commission
of the City and County of San Francisco
San Francisco, California 94102

\$90,000,000
Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes
(Power Series)
Series A-1

Ladies and Gentlemen:

We have acted as bond counsel to the Public Utilities Commission (the “Commission”) of the City and County of San Francisco (the “City”) in connection with the issuance of the Commission’s Commercial Paper Notes (Power Series) Series A-1 (the “Commercial Paper Notes”). The Commercial Paper Notes are being issued pursuant to the Charter of the City and County of San Francisco, Article V of Chapter 43 of Part I of the San Francisco Administrative Code, enacted by Ordinance No. 203-98 adopted by the Board of Supervisors of the City (the “Board”) on June 8, 1998 and signed by the Mayor of the City (the “Mayor”) on June 19, 1998, as amended by Ordinance No. 270-06 adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, Ordinance No. 266-06 adopted on October 24, 2006 by the Board and signed by the Mayor on October 31, 2006, Ordinance No. 106-14, adopted on June 24, 2014 by the Board and signed by the Mayor on July 2, 2014, Ordinance No. 40-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015, Ordinance No. 41-15, adopted on March 24, 2015 by the Board and signed by the Mayor on April 2, 2015 and Resolution No. _____ adopted on _____, 2015 by the Board and signed by the Mayor on _____, 2015 (collectively, the “Ordinances”), Resolution No. _____ adopted by the Commission on _____, 2015, and Resolution No. 15-_____, adopted by the Commission on _____, 2015] (collectively, the “Resolutions”), with respect to the Commercial Paper Notes, an Issuing and Paying Agent Agreement, dated as of October 1, 2015 (the “Issuing and Paying Agent Agreement”), by and between the Commission and U.S. Bank National Association (in such capacity, the “Issuing and Paying Agent”).

The Commercial Paper Notes are supported by an irrevocable direct pay Letter of Credit (the “Letter of Credit”), issued pursuant to the terms of a Reimbursement Agreement, dated as of October ___, 2015 (the “Reimbursement Agreement”), by and between the Commission and Bank of America, N.A. (the “Bank”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Issuing and Paying Agent Agreement.

In our capacity as bond counsel, we have reviewed the Charter of the City, the Ordinances, the Resolutions, the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement, certifications of the City, the Commission, the Bank and others, opinions of the City Attorney and of counsel for the Bank and such other documents, opinions and instruments as we deemed necessary to render the opinions set forth herein. Our services as bond counsel were limited to such examination and to rendering the opinions set forth below.

We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Issuing and Paying Agent Agreement, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Commercial Paper Notes to be included in gross income for federal income tax purposes.

Certain requirements and procedures contained or referred to in the Issuing and Paying Agent Agreement and other relevant documents may be changed and certain actions may be taken or not taken under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. We express no opinion as to the effect of any change to any document pertaining to the Commercial Paper Notes or of any action taken or not taken where such change is made or action is taken or not taken without our approval or in reliance upon the advice of counsel other than our firm with respect to the exclusion from gross income of the interest on the Commercial Paper Notes for federal income tax purposes.

Our opinion in item 2 below is subject to the limitations on the imposition of fees and charges by the Commission relating to the Power Enterprise under Articles XIIC and XIID of the California Constitution and to bankruptcy, insolvency, reorganization, arrangement, moratorium and other similar laws affecting creditors' rights, to the application of general equitable principles (regardless of whether considered in a proceeding in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public agencies in the State of California. In addition, we express no opinion with respect to any indemnification, contribution, penalty, choice of forum or waiver provisions contained in the foregoing documents.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Commercial Paper Notes have been duly authorized and issued by the Commission and in accordance with the laws of the State of California in accordance with the terms of the Issuing and Paying Agent Agreement, and will constitute valid, legal and binding obligations of the Commission, payable from and secured by a pledge of Available Power Enterprise Revenues. The Commercial Paper Notes are also payable from the proceeds of refunding Notes or refunding bonds authorized for such purpose and from drawings under the Letter of Credit, as described above.

2. The Issuing and Paying Agent Agreement has been duly authorized, executed and delivered by the Commission and assuming due authorization, execution and delivery by the Issuing and Paying Agent, constitutes a valid, legal and binding obligation of the Commission enforceable against the Commission in accordance with its terms. The Issuing and Paying Agent Agreement creates a valid pledge, to secure the payment of the principal of and interest on the Commercial Paper Notes, of the Available Power Enterprise Revenues, as and to the extent set forth in the Issuing and Paying Agent Agreement and subject to the provisions of the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

3. The Commercial Paper Notes are limited obligations of the Commission and are payable exclusively from and are secured by a pledge of Available Power Enterprise Revenues from the proceeds of Commercial Paper Notes or drawings under the Letter of Credit as aforesaid. The general fund of the City is not liable, and the credit or taxing power of the City is not pledged, for the payment of the Commercial Paper Notes or the interest thereon.

4. Under existing statutes, regulations, rulings and judicial decisions and assuming continuing compliance by the Commission with certain covenants in the Issuing and Paying Agent Agreement and requirements of the Internal Code of 1986, as amended, regarding the use, expenditure and investment of proceeds of the Commercial Paper Notes and the timely payment of certain investment earnings to the United States, interest on the Commercial Paper Notes is not includable in gross income of the owners of the Commercial Paper Notes for purposes of federal income taxation. Failure to comply with such covenants and requirements may cause interest on the Commercial Paper Notes to be included in federal gross income retroactively to the date of issuance of the Commercial Paper Notes.

5. Interest on the Commercial Paper Notes is not treated as an item of tax preference in calculating the alternative minimum taxable income of individuals or corporations. Such interest, however, is included as an adjustment in the calculation of federal corporate alternative minimum taxable income and may therefore affect a corporation's alternative minimum tax liability.

6. Interest on the Commercial Paper Notes is exempt from personal income tax imposed by the State of California.

Other than as described herein, we have neither addressed nor are we opining on the tax consequences to any person of the investment in, or other receipt of interest on, the Commercial Paper Notes.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur, and we have no obligation to update this opinion in light of any such actions or events.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in pertinent existing state or federal law; (ii) the representations and warranties of the parties contained in the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement, and certain certificates, dated the date hereof and delivered by authorized officers of the Commission, remain true and accurate; (iii) no amendment has been made to the Issuing and Paying Agent Agreement, the Letter of Credit, the Reimbursement Agreement, or the Commercial Paper Notes without our prior written consent; and (iv) no litigation affecting the issuance or legality is pending or threatened at the time of the delivery of any such instruments. We undertake no obligation to determine, at any time, whether the conditions described in (i) through (iv) of the preceding sentence have been met.

This opinion is limited to the laws of the State of California and the federal laws of the United States. The opinions in this letter are expressed solely as of the date hereof for your benefit and may not be relied upon in any manner for any purpose by any other person.

Respectfully submitted,

APPENDIX C

POWER ENTERPRISE FINANCIAL STATEMENTS