

File No. 260030

Committee Item No. 4

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

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Committee: Public Safety and Ngbh Services

Date: February 12, 2026

Board of Supervisors Meeting:

Date: \_\_\_\_\_

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- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Prepared by: Monique Crayton

Date: February 6, 2026

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

Prepared by: \_\_\_\_\_

Date: \_\_\_\_\_

1 [Re-Affirming City Support to Acquire PG&E Assets]

2

3 **Resolution re-affirming the City’s continued efforts to acquire the Pacific Gas & Electric**  
4 **Company (PG&E) assets necessary to provide clean, green, and affordable electric**  
5 **power delivery and service in San Francisco and ensure system reliability,**  
6 **sustainability, and safety.**

7

8 WHEREAS, On December 20, 2025, a fire at a PG&E substation located at 8th and  
9 Mission Streets caused a citywide blackout that affected over 130,000 customers from the  
10 Richmond and Sunset Districts to Chinatown and South of Market, impacting small  
11 businesses, seniors, people living with disabilities, public transit delays, and station closures  
12 during the holiday week; and

13 WHEREAS, Approximately 5,000 impacted customers in the Richmond District and  
14 Civic Center were without power before the Christmas holidays, and subsequent unplanned  
15 power outages have continued to impact small businesses and residents, forcing businesses  
16 to suddenly shutter during one of the busiest seasons of the year; and

17 WHEREAS, The PG&E substation at 8th and Mission Streets has a history of fires,  
18 including one in December 2003, in which the company was penalized \$6,500,000 by state  
19 regulators after it was determined that the company failed to follow its own internal  
20 recommendations, including the installation of smoke detectors, fire barrier penetration  
21 sealing, and proper emergency response coordination with fire officials, following a similar fire  
22 at the same substation in 1996; and

23 WHEREAS, The multitude of serious safety challenges PG&E’s December 2025  
24 outage inflicted on San Franciscans is emblematic of a decades-long pattern of safety failures  
25 and negligence that resulted in devastating losses of life and property throughout California,

1 including the San Bruno gas pipeline explosion in September 2010, which killed 8 people and  
2 injured 58 others, and numerous Northern California wildfires in October 2017 (Atlas,  
3 Cascade, Cherokee, Nuns, Redwood Valley, Tubbs and other fires), November 2018 (Camp  
4 fire), September 2020 (Zogg fire), and July-October 2021 (Dixie fire), which collectively killed  
5 approximately 113 people; and

6 WHEREAS, While Californians continue to suffer from reliability and safety problems,  
7 PG&E has demonstrated a persistent pattern of management failures and financial instability,  
8 filing for Chapter 11 bankruptcy protection twice in 2001 and 2019; and

9 WHEREAS, Meanwhile, PG&E continues to prioritize the enrichment of senior  
10 management even as the company continues to cause death and destruction across  
11 California, with notable examples including the 2012 state investigation that concluded that  
12 PG&E illegally diverted more than \$100 million from funds designed for safety operations to  
13 executive compensation and bonuses; and

14 WHEREAS, In 2022, at the end of PG&E's five-year probation following the San Bruno  
15 gas pipeline explosion, Federal Judge William Alsup concluded that "While on probation,  
16 PG&E has gone on a crime spree and will emerge from probation as a continuing menace to  
17 California" after setting at least 31 wildfires, burning nearly 1.5 million acres of land and over  
18 24,000 structures, killing 113 Californians, and failing its commitment to prioritize safety over  
19 profit for its executive management; and

20 WHEREAS, The City and County of San Francisco has sought to provide electric  
21 service to all of San Francisco since at least 1913, has provided electric service to City  
22 facilities since 1918, and launched CleanpowerSF to provide electric service for more than  
23 380,000 residential and commercial customers since May of 2016; and

24 WHEREAS, The City and County of San Francisco is already providing more than 75%  
25 of the electricity consumed in San Francisco through CleanPowerSF and its Hetch Hetchy

1 Power municipal utility, which includes all of the City's major infrastructure, including the San  
2 Francisco International Airport (SFO), the San Francisco Zoo, public libraries, Muni, the  
3 General Hospital, San Francisco City College, the DeYoung and Asian Art Museums, the  
4 Ferry Building and other port facilities, public schools and public parks; and

5 WHEREAS, In a letter dated January 14, 2019, Mayor London Breed asked the San  
6 Francisco Public Utilities Commission to prepare an analysis of the options for ensuring safe  
7 and reliable electric service within the City, including the possibility of acquiring the PG&E  
8 electric distribution and transmission infrastructure assets that serve the City (PG&E Assets);  
9 and

10 WHEREAS, On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-  
11 19, on file with the Clerk of the Board of Supervisors in File No. 190367, which is hereby  
12 declared to be a part of this resolution as if set forth fully herein, determining that the public  
13 interest and necessity required changing the electric service provided in the City and  
14 requesting the SFPUC to prepare a report on options for improving electric service in the City  
15 through acquisition, construction, or completion of public utilities pursuant to Charter, Section  
16 16.101; and

17 WHEREAS, On May 13, 2019, the SFPUC submitted a report, on file with the Clerk of  
18 the Board of Supervisors in File No. 190477, which is hereby declared to be a part of this  
19 resolution as if set forth fully herein, to Mayor Breed and the Board of Supervisors (SFPUC  
20 Report) analyzing three options for power independence, including (1) continued reliance on  
21 PG&E for electricity distribution service; (2) targeted investments in electric grid infrastructure  
22 to lessen the City's reliance on PG&E; and (3) full power independence through acquisition of  
23 the PG&E Assets; and

24 WHEREAS, The SFPUC Report concluded that acquisition of the PG&E Assets was  
25 the only option that would allow the City to meet its goals for affordable, safe, and reliable

1 service; protection of the environment and climate goals; transparency and public  
2 accountability; workforce development; and equity; and

3 WHEREAS, The City has engaged a number of expert consultants to assist it with  
4 analyzing the acquisition of the PG&E Assets, including in the areas of utility asset valuation,  
5 finance, utility rates, labor, engineering, and operations; and

6 WHEREAS, On September 6, 2019, the City and County of San Francisco submitted to  
7 PG&E a non-binding indication of interest (IOI), to acquire the PG&E Assets for  
8 \$2,500,000,000 in connection with the PG&E bankruptcy cases, with the intention that this  
9 \$2.5 billion would compensate PG&E for the value of its assets and provide funds that could  
10 be used to benefit ratepayers or pay fire victims, and reiterated this offer in August of 2020;  
11 and

12 WHEREAS, The asset purchase could be financed using revenue bonds approved by  
13 the San Francisco Public Utilities Commission (SFPUC) and the Board of Supervisors under  
14 Charter, Section 8B.124, and repaid from the revenue collected by providing electric service  
15 throughout San Francisco; and

16 WHEREAS, On January 14, 2020, the Board of Supervisors adopted Resolution 30-20,  
17 on file with the Clerk of the Board of Supervisors in File No. 200029, which is hereby declared  
18 to be a part of this resolution as if set forth fully herein, conditionally approving the issuance of  
19 up to \$3,065,395,000 of Power Enterprise Revenue Bonds to acquire certain Pacific Gas and  
20 Electric Company electric distribution and transmission assets to provide affordable, safe, and  
21 reliable electric service throughout the City, subject to the future satisfaction of six specified  
22 conditions, including additional approvals by this Commission and the Board of Supervisors;  
23 and

24 WHEREAS, On January 14, 2020, the SFPUC conditionally approved issuing revenue  
25 bonds, through its Resolution No. 20-0011, on file with the Clerk of the Board of Supervisors

1 in File No. 200223, which is hereby declared to be a part of this resolution as if set forth fully  
2 herein, to allow the City to acquire PG&E assets without drawing from its General Fund,  
3 subject to the same conditions adopted by the Board of Supervisors; and

4 WHEREAS, On March 20, 2020, the Board of Supervisors of the City and County of  
5 San Francisco, through Resolution No. 105-20, on file with the Clerk of the Board of  
6 Supervisors in File No. 200223, which is hereby declared to be a part of this resolution as if  
7 set forth fully herein, previously affirmed the City's support to acquire PG&E assets  
8 conditioned on key conditions; and

9 WHEREAS, The City has consistently indicated that its pursuit of acquiring PG&E's  
10 electric assets and any final approval of said acquisition would necessarily be predicated on  
11 the City's ability to ensure that the following key priorities could be satisfied:

12 1) Financial Stability. City leaders will need to ensure that the City can afford to  
13 purchase the electric assets, including financing the purchase price, transition costs,  
14 maintenance and replacements over time, and financial reserves. This determination  
15 will require confidence that the revenues will be more than adequate to cover these  
16 costs while charging reasonable rates.

17 2) Support for Utility Workforces. San Francisco is committed to treating its  
18 employees, those it can recruit from PG&E, and those who remain with PG&E fairly.  
19 The City expects to recruit a talented workforce as part of this acquisition, by offering  
20 stable careers with competitive pay and benefits, into its community-based and safety-  
21 based workplace culture. The City has a long history of working productively with its  
22 unionized workforce and will work in good faith to transition to City employment current  
23 PG&E unionized employees who choose to make the transition.

24  
25

1                   3) Community and Worker Safety. The City is committed to providing safe and  
2 reliable utility service and safe working conditions that protect employees and the  
3 public.

4                   4) Climate Change Prevention and Mitigation. The SFPUC already supplies over  
5 70% of the electricity in San Francisco through its Hetchy Power and CleanPowerSF  
6 programs, which both provide cleaner energy than PG&E at lower rates. Acquiring  
7 PG&E's delivery assets would accelerate the City's ability to meet its ambitious  
8 decarbonization and climate resiliency goals.

9                   5) Affordability and Equity. Providing electric service that is more affordable for  
10 customers, especially those in lower income and disadvantaged communities, and  
11 better incorporates local needs is of utmost importance to the City. The SFPUC is an  
12 industry leader in providing community benefits and prioritizing equity, inclusion, and  
13 environmental justice in its programs. In addition, the City's analysis indicates that its  
14 acquisition would not significantly impact PG&E customers outside of San Francisco,  
15 because San Francisco is a small part of PG&E's service area, in terms of both size  
16 and revenue.

17                   6) Operational Excellence. Local control of the electric grid would allow San  
18 Francisco to invest in its infrastructure and provide high-quality programs and services  
19 in a way that prioritizes community involvement and engagement, with improved  
20 accountability from a locally-elected Board of Supervisors and Mayor. The SFPUC  
21 already provides electric transmission and distribution service, and is working to  
22 identify and prepare for the increases in staff and service offerings that would be  
23 necessary to provide service throughout San Francisco.

24                   7) Improved Service to City Departments. The City started providing electric  
25 distribution service to key facilities in 1918 and gradually increased that service, while

1           depending on PG&E to provide essential parts of the service. In recent years, PG&E  
2           has obstructed service to City facilities by delaying connections and requiring  
3           unnecessary, expensive facilities. The SFPUC will be able to provide more responsive,  
4           efficient service that supports essential functions of the City;

5           WHEREAS, The City and County of San Francisco continues to move forward with  
6           preparations to ensure that these priorities can and will be implemented successfully,  
7           bolstered on the San Francisco Public Utility Commission’s long track record of safe and  
8           affordable water and power delivery; now therefore, be it

9           RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
10          re-affirms its support for the City’s efforts to acquire the PG&E assets necessary to provide  
11          clean, green and affordable electric power delivery and service in San Francisco; and, be it

12          FURTHER RESOLVED, That the Board of Supervisors of the City and County of San  
13          Francisco re-affirms its commitment to the key priorities and conditions identified in this  
14          subject Resolution and prior policy resolutions; and, be it

15          FURTHER RESOLVED, That the Board of Supervisors of the City and County of San  
16          Francisco directs the Clerk of the Board to transmit this Resolution to the San Francisco State  
17          Legislative Delegation and the Governor’s Office upon final adoption.



January 14, 2019

Harlan L. Kelly Jr., General Manager  
San Francisco Public Utilities Commission  
525 Golden Gate Avenue, 13<sup>th</sup> Floor  
San Francisco, CA 94102

General Manager Kelly,

Over the past several years, a series of troubling issues have raised significant questions about the future of Pacific Gas & Electric (PG&E). The recent tragedies of the Northern California wildfires, departures of PG&E's Chief Executive Officer and senior executives, and the company's movement towards bankruptcy raise serious concerns about their ability to safely and reliably deliver services essential to the people of San Francisco.

The City, through the San Francisco Public Utilities Commission (SFPUC), has a proven 100-year track record of responsibly managing a large-scale power system that delivers clean Hetch Hetchy power. Yet, we rely on PG&E infrastructure to transmit and distribute energy to our customers. We must also work with PG&E to transmit and distribute energy available through our CleanPowerSF program, which by next April is set to have more than 360,000 accounts enrolled throughout San Francisco.

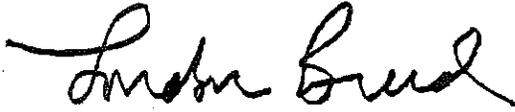
San Francisco will not continue to be a global economic leader without a dependable and clean power grid. We also need a dependable grid to meet our City's aggressive climate goals, which include transitioning our buildings and transportation sectors off dirty fossil fuels. I believe San Franciscans share these views as evident by their approval of Proposition A in June 2018. This measure now allows the SFPUC to issue revenue bonds for facilities to produce and deliver clean power, creating thousands of well-paying union jobs in the process.

With these considerations in mind, I am requesting that the SFPUC prepare for the potential ramifications of PG&E's current instability by performing a detailed analysis of the current health of the electrical network and a robust feasibility study on the various potential outcomes, along with engaging with the appropriate state legislative and regulatory bodies. The analysis should evaluate all options, including the possibility of acquiring or building electrical infrastructure assets.

Within the next three months, I request that the agency issue a preliminary report on its findings along with a timeline for completing the more detailed analysis and recommendations. I look forward to seeing the results of this work and collaborating with the SFPUC, the City Attorney's

Office, and our Board of Supervisors on this critical and urgent issue.

Sincerely,

A handwritten signature in black ink, reading "London Breed". The signature is written in a cursive, flowing style.

London N. Breed  
Mayor

1 [Requesting the San Francisco Public Utilities Commission to Report on Options for Improving  
2 Electric Service through Acquisition, Construction, or Completion of Public Utility]

3 **Resolution determining that the public interest and necessity require changing the**  
4 **electric service provided in San Francisco; and requesting a report from the San**  
5 **Francisco Public Utilities Commission, under Charter, Section 16.101, on options for**  
6 **improving electric service in San Francisco through acquisition, construction or**  
7 **completion of public utility or utilities.**

8  
9 WHEREAS, The Board of Supervisors seeks to ensure reliable, safe, affordable, clean  
10 electric service to all customers in San Francisco from a utility that is responsive to the needs  
11 of its customers; and

12 WHEREAS, Pacific Gas & Electric Company's (PG&E) history raises questions about  
13 whether the utility has the ability and commitment to provide such service; recent examples  
14 that cause concern include the following:

- 15  
16 i. PG&E's safety violations in its electric and gas operations have caused  
17 significant suffering, loss of life, and damage to property;
- 18 ii. PG&E's repeated failure to meet the obligations and manage the risks of its  
19 business while remaining financially healthy, as demonstrated by PG&E's  
20 current voluntary bankruptcy, its voluntary bankruptcy in 2001, and the  
21 bankruptcies of several affiliates in 2003;
- 22 iii. PG&E's failure to provide safe and reliable electric service in San Francisco over  
23 many years, including a major power outage in December 1998, three fires at  
24 the Mission Substation between 1996 and 2003, and several incidents of  
25 underground explosions throughout the City;

- 1           iv.   PG&E's primary focus on financial performance and public image and its failure  
2           to develop an effective safety culture, as found in two reports prepared for the  
3           California Public Utilities Commission;
- 4           v.    PG&E's retail rate increases that make its electric service among the most  
5           expensive in the nation, with more increases expected as a result of the  
6           bankruptcy; and
- 7           vi.   PG&E's consistent use of its monopoly status to delay, prevent, and increase  
8           the cost of the wholesale service it is required to provide to the City under a tariff  
9           approved by the Federal Energy Regulatory Commission, resulting in service  
10          delays and increased costs to critical City facilities—including public schools,  
11          affordable housing, health care facilities, streetlights and traffic controls, the  
12          Port, and basic city infrastructure—and the disruption of services provided to the  
13          public; and

14

15           WHEREAS, Article XI, Section 9 of the California Constitution grants cities the right to  
16          supply electricity if they choose to do so; and

17           WHEREAS, The City has been operating an electric utility since 1918, and has  
18          considered several times expanding service to all customers in San Francisco, as envisioned  
19          by the Raker Act (Pub. L. No 41, 38 Stat. 242 1913), which granted the City the right to  
20          develop the Hetch Hetchy clean water and hydropower resources for the benefit of the people  
21          of San Francisco; and

22           WHEREAS, For more than 100 years, San Francisco has been producing 100%  
23          greenhouse gas-free electricity to power our essential city services: hospitals, parks, schools,  
24          airport, public housing, and other city properties; and

25

1           WHEREAS, In 2016, despite years of opposition funded by PG&E, San Francisco  
2 launched CleanPowerSF, to provide clean renewable energy to residents and businesses,  
3 another incremental step toward energy independence; and

4           WHEREAS, According to climate scientists, we must take immediate steps to make the  
5 difference between catastrophe and a clean new future and cut carbon pollution in half within  
6 11 years; and

7           WHEREAS, The electric power sector is the largest contributor to U.S. global warming  
8 emissions and currently accounts for approximately one-third of the nation's total emissions.  
9 Natural gas, while producing lower emissions than coal or oil when used, nonetheless  
10 generates high levels of air pollution and other environmental impacts through extraction and  
11 production; and

12           WHEREAS, In a January 14, 2019 letter, on file with the Clerk of the Board of  
13 Supervisors in File No. 190367, Mayor Breed asked the San Francisco Public Utilities  
14 Commission (SFPUC) to evaluate in a preliminary report all options for changing how electric  
15 service is provided to ensure a safe, clean and dependable power grid; and

16           WHEREAS, Section 16.101 of the Charter states: "It is the declared purpose and  
17 intention of the people of the City and County, when public interest and necessity demand,  
18 that public utilities shall be gradually acquired and ultimately owned by the City and County.  
19 Whenever the Board of Supervisors, as provided in Sections 9.106, 9.107 and 9.108 of this  
20 Charter, shall determine that the public interest or necessity demands the acquisition,  
21 construction or completion of any public utility or utilities by the City and County, or whenever  
22 the electors shall petition the Board of Supervisors, as provided in Sections 9.110 and 14.101  
23 of this Charter, for the acquisition of any public utility or utilities, the Supervisors must procure  
24 a report from the Public Utilities Commission thereon"; now, therefore, be it  
25

1 RESOLVED, That the Board of Supervisors determines that the public interest and  
2 necessity require changing the electric service provided in San Francisco, and these changes  
3 may include the acquisition of PG&E's electrical system serving San Francisco, construction  
4 of new facilities by the City, or completion of the City's own electric system; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors requests a report from the  
6 SFPUC within 45 days of this Resolution to help City policymakers and the public understand  
7 and evaluate the City's options.

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**City and County of San Francisco**  
**Tails**  
**Resolution**

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

**File Number:** 190367

**Date Passed:** April 09, 2019

Resolution determining that the public interest and necessity require changing the electric service provided in San Francisco; and requesting a report from the San Francisco Public Utilities Commission, under Charter, Section 16.101, on options for improving electric service in San Francisco through acquisition, construction or completion of public utility or utilities.

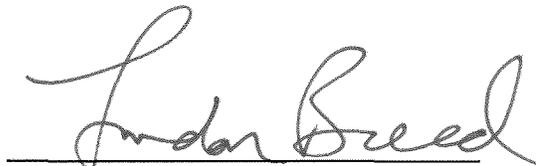
April 09, 2019 Board of Supervisors - ADOPTED

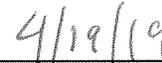
Ayes: 10 - Brown, Fewer, Haney, Mandelman, Peskin, Ronen, Safai, Stefani,  
Walton and Yee  
Absent: 1 - Mar

File No. 190367

I hereby certify that the foregoing  
Resolution was ADOPTED on 4/9/2019 by  
the Board of Supervisors of the City and  
County of San Francisco.

  
\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

  
\_\_\_\_\_  
London N. Breed  
Mayor

  
\_\_\_\_\_  
Date Approved

1 [Issuance of Revenue Bonds - Public Utilities Commission - Purchase of Electricity  
2 Distribution and Transmission System - Not to Exceed \$3,065,395,000]

3 **Resolution conditionally authorizing the issuance by the Public Utilities Commission of**  
4 **Power Enterprise Revenue Bonds in an amount not to exceed \$3,065,395,000 to finance**  
5 **the cost of acquiring certain Pacific Gas and Electric Company electric distribution and**  
6 **transmission assets to provide affordable, safe and reliable electric service, consistent**  
7 **with environmental and climate goals, throughout the City and County of San**  
8 **Francisco, subject to specified conditions, as defined herein.**

9  
10 WHEREAS, In a letter dated January 14, 2019, on file with the Clerk of the Board of  
11 Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if  
12 set forth fully herein, Mayor London Breed asked the Public Utilities Commission (PUC) to  
13 prepare an analysis of the options for ensuring safe and reliable electricity service within the  
14 City, including the possibility of acquiring the Pacific Gas and Electric's (PG&E) electric  
15 distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

16 WHEREAS, On January 29, 2019, PG&E Corporation and its subsidiary PG&E filed for  
17 bankruptcy due to tens of billions of dollars in liabilities for the devastating wildfires caused by  
18 PG&E equipment in 2017 and 2018; and

19 WHEREAS, On March 14, 2019, Mayor Breed and City Attorney Herrera submitted a  
20 letter to PG&E, on file with the Clerk of the Board of Supervisors in File No. 200029, which is  
21 hereby declared to be a part of this Resolution as if set forth fully herein, notifying it that the  
22 City had commenced work to determine the feasibility of the City's acquisition of the PG&E  
23 Assets; and

24 WHEREAS, On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-19  
25 determining that the public interest and necessity require changing the electric service

1 provided in the City and requesting the PUC to prepare a report on options for improving  
2 electric service in the City through acquisition, construction, or completion of public utilities  
3 pursuant to Charter, Section 16.101; and

4 WHEREAS, Section 16.101 of the Charter states: "It is the declared purpose and  
5 intention of the people of the City and County, when public interest and necessity demand,  
6 that public utilities shall be gradually acquired and ultimately owned by the City and County.";  
7 and

8 WHEREAS, On May 13, 2019, the PUC submitted a report to Mayor Breed and the  
9 Board (PUC Report), on file with the Clerk of the Board of Supervisors in File No. 200029,  
10 which is hereby declared to be a part of this Resolution as if set forth fully herein, analyzing  
11 three options for power independence, including (1) continued reliance on PG&E for electric  
12 distribution service, (2) targeted investments in electric grid infrastructure to lessen the City's  
13 reliance on PG&E, and (3) full power independence through acquisition of the PG&E Assets;  
14 and

15 WHEREAS, The PUC Report concluded that acquisition of the PG&E Assets is the  
16 only option that would allow the City to meet its goals for affordable, safe, and reliable service;  
17 protection of the environment and climate goals; transparency and public accountability, and;  
18 workforce development and equity; and

19 WHEREAS, The City has engaged a number of expert consultants to provide analysis  
20 and advice for the acquisition of the PG&E Assets, including in the areas of utility asset  
21 valuation, finance, utility rates, labor, engineering, and operations; and

22 WHEREAS, On September 6, 2019, Mayor Breed and City Attorney Herrera submitted  
23 a non-binding indication of interest (IOI), on file with the Clerk of the Board of Supervisors in  
24 File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully  
25

1 herein, to PG&E to acquire the PG&E Assets for \$2.5 billion in connection with the PG&E  
2 bankruptcy cases (Proposed Acquisition); and

3 WHEREAS, On September 17, 2019, the Board adopted Resolution No. 403-19  
4 supporting the IOI and urging PG&E to work cooperatively with the City on the Proposed  
5 Acquisition; and

6 WHEREAS, On September 19, 2019, Mayor Breed and City Attorney Herrera  
7 submitted a second letter to PG&E, on file with the Clerk of the Board of Supervisors in File  
8 No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully herein,  
9 to provide additional information on the City's offer and proposing to work with PG&E to  
10 include the City's offer in PG&E's September 9, 2019, bankruptcy plan of reorganization; and

11 WHEREAS, In addition to the purchase price for the Proposed Acquisition, the PUC  
12 anticipates that additional funds will be required for the PUC's transition to ownership and  
13 operation of the PG&E Assets, including but not limited to work to separate the PG&E Assets  
14 from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment  
15 inventory and software; and establishing operating reserves; and

16 WHEREAS, The City has a long history of working productively with its unionized  
17 workforce, and will work in good faith to transition current PG&E unionized employees to City  
18 employment;

19 WHEREAS, On June 5, 2018, the voters of the City approved Proposition A amending  
20 Charter, Section 8B.124 (Proposition A), which among other things, authorized the PUC to  
21 issue revenue bonds, including notes, commercial paper or other forms of indebtedness,  
22 when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for  
23 the purpose of reconstructing, replacing, expanding, repairing or improving water facilities,  
24 clean water facilities, power facilities or combinations of water, clean water and power  
25

1 facilities under the jurisdiction of the PUC, or for any lawful purpose of the water, clean water  
2 or power utilities; and

3 WHEREAS, Pursuant to Charter, Section 8B.124, the Board may approve by ordinance  
4 revenue bond financing for any lawful purpose of the City's power utility and in furtherance of,  
5 among other things, the City's clean energy goals and enhanced safety and reliability for  
6 electric service; and

7 WHEREAS, This action does not constitute a project under California Environmental  
8 Quality Act (CEQA) Guidelines, Section 15378(b)(4), and subsequent action by the Board to  
9 approve any specific activities at a particular location, or the Proposed Acquisition, is  
10 conditioned upon completion of environmental review in compliance with CEQA, the CEQA  
11 Guidelines, Administrative Code, Chapter 31, and Proposition A; now, therefore, be it

12 RESOLVED, That the Board authorizes the PUC to issue Power Enterprise revenue  
13 bonds for the Proposed Acquisition in an amount not to exceed \$3,065,395,000 subject in all  
14 respects to the following conditions, each of which shall be approved by this Board prior to the  
15 issuance of the PUC bonds herein authorized:

16 (1) The City has negotiated a binding agreement or agreements with PG&E for the  
17 acquisition of the PG&E Assets, or is otherwise legally authorized to acquire the PG&E  
18 Assets, with terms and conditions that protect the interests of the City and electricity  
19 customers;

20 (2) The PUC has prepared an analysis of electricity rates and proposed rate  
21 structures, including but not limited to rates for low income customers;

22 (3) The PUC has obtained and delivered to the Board the certifications required  
23 under Charter, Sections 8B.124(a) and (b);

24 (4) The PUC has determined that the Power Enterprise revenue bonds can be  
25 issued on terms and at interest rates that will make the Proposed Acquisition financially

1 feasible, including to the extent available under law by reason of federal income tax  
2 exemption of interest on such Power Enterprise revenue bonds;

3 (5) The PUC has adopted a resolution approving the binding documents required  
4 for acquisition, together with all forms of associated financing documents; and,

5 (6) The Board has adopted an ordinance by a two-thirds vote providing final  
6 authorization to the PUC to issue Power Enterprise revenue bonds for the Proposed  
7 Acquisition in accordance with Charter, Section 8B.124; and, be it

8 FURTHER RESOLVED, That the Board, in approving this Resolution, is not providing  
9 final approval of the issuance of the Power Enterprise revenue bonds or approving the  
10 Proposed Acquisition within the meaning of CEQA; the Board retains absolute discretion to  
11 decide whether to approve the issuance of revenue bonds and to proceed with the Proposed  
12 Acquisition, and the Board will not take any discretionary action committing the City to  
13 approve the Proposed Acquisition until the Board has reviewed and considered any  
14 environmental documentation prepared by the City in compliance with CEQA and adopted  
15 any appropriate findings in compliance with CEQA; and, be it

16 FURTHER RESOLVED, Accordingly, the Board retains discretion to, among other  
17 things, modify the terms of the Proposed Acquisition to mitigate any significant environmental  
18 impacts, require the implementation of specific measures to mitigate any significant  
19 environmental impacts of the Proposed Acquisition, approve or reject the issuance of revenue  
20 bonds for the Proposed Acquisition, and approve or reject the Proposed Acquisition; and, be it

21 FURTHER RESOLVED, This Resolution shall take effect immediately.  
22  
23  
24  
25



City and County of San Francisco

Tails  
Resolution

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

File Number: 200029

Date Passed: January 14, 2020

Resolution conditionally authorizing the issuance by the Public Utilities Commission of Power Enterprise Revenue Bonds in an amount not to exceed \$3,065,395,000 to finance the cost of acquiring certain Pacific Gas and Electric Company electric distribution and transmission assets to provide affordable, safe and reliable electric service, consistent with environmental and climate goals, throughout the City and County of San Francisco, subject to specified conditions, as defined herein.

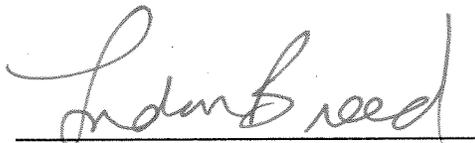
January 14, 2020 Board of Supervisors - ADOPTED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

File No. 200029

I hereby certify that the foregoing Resolution was ADOPTED on 1/14/2020 by the Board of Supervisors of the City and County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
London N. Breed  
Mayor

1/24/20  
Date Approved

1 [Affirming City Support to Acquire PG&E Assets Contingent on Key Conditions and Priorities]

2  
3 **Resolution affirming the City's continued good faith efforts to acquire the PG&E assets**  
4 **necessary to provide clean, green, and affordable electric power delivery and service in**  
5 **San Francisco, contingent on key conditions and priorities.**

6  
7 WHEREAS, The City and County of San Francisco has sought to provide electric  
8 service to all of San Francisco since at least 1913 and has provided electric service to City  
9 facilities since 1918; and

10 WHEREAS, In a letter dated January 14, 2019, Mayor Breed asked the San Francisco  
11 Public Utilities Commission to prepare an analysis of the options for ensuring safe and reliable  
12 electric service within the City, including the possibility of acquiring the PG&E electric  
13 distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

14 WHEREAS, On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-  
15 19 determining that the public interest and necessity required changing the electric service  
16 provided in the City and requesting the SFPUC to prepare a report on options for improving  
17 electric service in the City through acquisition, construction, or completion of public utilities  
18 pursuant to Charter, Section 16.101; and

19 WHEREAS, On May 13, 2019, the SFPUC submitted a report to Mayor Breed and the  
20 Board of Supervisors (SFPUC Report) analyzing three options for power independence,  
21 including (1) continued reliance on PG&E for electricity distribution service; (2) targeted  
22 investments in electric grid infrastructure to lessen the City's reliance on PG&E; and (3) full  
23 power independence through acquisition of the PG&E Assets; and

24 WHEREAS, The SFPUC Report concluded that acquisition of the PG&E Assets is the  
25 only option that would allow the City to meet its goals for affordable, safe, and reliable service;

1 protection of the environment and climate goals; transparency and public accountability;  
2 workforce development; and equity; and

3 WHEREAS, The City has engaged a number of expert consultants to assist it with  
4 analyzing the acquisition of the PG&E Assets, including in the areas of utility asset valuation,  
5 finance, utility rates, labor, engineering, and operations; and

6 WHEREAS, On September 6, 2019, the City and County of San Francisco submitted to  
7 PG&E a non-binding indication of interest (IOI), to acquire the PG&E Assets for \$2.5 billion in  
8 connection with the PG&E bankruptcy cases; and

9 WHEREAS, This \$2.5 billion would compensate PG&E for the value of its assets and  
10 provide funds that could be used to benefit ratepayers or pay fire victims; and

11 WHEREAS, The asset purchase would be financed using revenue bonds approved by  
12 the San Francisco Public Utilities Commission (SFPUC) and the Board of Supervisors under  
13 Charter, Section 8B.124, and repaid from the revenue collected by providing electric service  
14 throughout San Francisco; and

15 WHEREAS, On January 14, 2020, the Board of Supervisors adopted Resolution 30-20,  
16 conditionally approving the issuance of up to \$3,065,395,000 of Power Enterprise Revenue  
17 Bonds to acquire certain Pacific Gas and Electric Company electric distribution and  
18 transmission assets to provide affordable, safe, and reliable electric service throughout the  
19 City, subject to the future satisfaction of six specified conditions, including additional approvals  
20 by this Commission and the Board of Supervisors; and

21 WHEREAS, Funding a PG&E assets acquisition through revenue bonds allows the City  
22 to avoid drawing from its General Fund; and

23 WHEREAS, On January 14, 2020, the SFPUC conditionally approved issuing these  
24 revenue bonds, through its Resolution No. 20-0011, subject to the same conditions adopted  
25 by the Board of Supervisors; and

1           WHEREAS, The City has consistently indicated that its pursuit of acquiring PG&E's  
2 electric assets and any final approval of said acquisition would necessarily be predicated on  
3 the City's ability to ensure that the following key priorities could be satisfied:

4           1) Financial Stability. City leaders will need to ensure that the City can afford to  
5 purchase the electric assets, including financing the purchase price, transition costs,  
6 maintenance and replacements over time, and financial reserves. This determination  
7 will require confidence that the revenues will be more than adequate to cover these  
8 costs while charging reasonable rates.

9           2) Support for Utility Workforces. San Francisco is committed to treating its  
10 employees, those it can recruit from PG&E, and those who remain with PG&E fairly.  
11 The City expects to recruit a talented workforce as part of this acquisition, by offering  
12 stable careers with competitive pay and benefits, into its community-based and safety-  
13 based workplace culture. The City has a long history of working productively with its  
14 unionized workforce and will work in good faith to transition to City employment current  
15 PG&E unionized employees who choose to make the transition.

16           3) Community and Worker Safety. The City is committed to providing safe and  
17 reliable utility service and safe working conditions that protect employees and the  
18 public.

19           4) Climate Change Prevention and Mitigation. The SFPUC already supplies  
20 over 70% of the electricity in San Francisco through its Hetchy Power and  
21 CleanPowerSF programs, which both provide cleaner energy than PG&E at lower  
22 rates. Acquiring PG&E's delivery assets would accelerate the City's ability to meet its  
23 ambitious decarbonization and climate resiliency goals.

1           5) Affordability and Equity. Providing electric service that is more affordable for  
2 customers, especially those in lower income and disadvantaged communities, and  
3 better incorporates local needs is of utmost importance to the City. The SFPUC is an  
4 industry leader in providing community benefits and prioritizing equity, inclusion, and  
5 environmental justice in its programs. In addition, the City's analysis indicates that its  
6 acquisition would not significantly impact PG&E customers outside of San Francisco,  
7 because San Francisco is a small part of PG&E's service area, in terms of both size  
8 and revenue.

9           6) Operational Excellence. Local control of the electric grid would allow San  
10 Francisco to invest in its infrastructure and provide high-quality programs and services  
11 in a way that prioritizes community involvement and engagement, with improved  
12 accountability from a locally-elected Board of Supervisors and Mayor. The SFPUC  
13 already provides electric transmission and distribution service, and is working to  
14 identify and prepare for the increases in staff and service offerings that would be  
15 necessary to provide service throughout San Francisco.

16           7) Improved Service to City Departments. The City started providing electric  
17 distribution service to key facilities in 1918 and gradually increased that service, while  
18 depending on PG&E to provide essential parts of the service. In recent years, PG&E  
19 has obstructed service to City facilities by delaying connections and requiring  
20 unnecessary, expensive facilities. The SFPUC will be able to provide more responsive,  
21 efficient service that supports essential functions of the City; and

22           WHEREAS, The City and County of San Francisco continues to move forward with  
23 preparations to ensure that these priorities can and will be implemented successfully,  
24 bolstered on the Public Utility Commission's long track record of safe and affordable water  
25 and power delivery; now, therefore, be it

1           RESOLVED, That the Board of Supervisors of the City and County of San Francisco  
2 affirms its support for the City’s continued good faith efforts to acquire the PG&E assets  
3 necessary to provide clean, green and affordable electric power delivery and service in San  
4 Francisco; and, be it

5           FURTHER RESOLVED, That the Board of Supervisors of the City and County of San  
6 Francisco affirms its commitment to the key priorities and conditions identified in this subject  
7 Resolution and prior policy resolutions; and, be it

8           FURTHER RESOLVED, That the Board of Supervisors of the City and County of San  
9 Francisco directs the Clerk of the Board to transmit this Resolution to our State Legislative  
10 Delegation and the Governor’s Office upon final adoption.

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City and County of San Francisco

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

Tails  
Resolution

File Number: 200223

Date Passed: March 10, 2020

Resolution affirming the City's continued good faith efforts to acquire the PG&E assets necessary to provide clean, green, and affordable electric power delivery and service in San Francisco, contingent on key conditions and priorities.

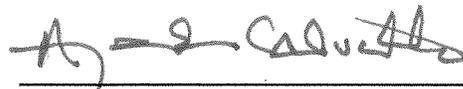
March 09, 2020 Land Use and Transportation Committee - RECOMMENDED AS COMMITTEE REPORT

March 10, 2020 Board of Supervisors - ADOPTED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

File No. 200223

I hereby certify that the foregoing Resolution was ADOPTED on 3/10/2020 by the Board of Supervisors of the City and County of San Francisco.

  
\_\_\_\_\_  
Angela Calvillo  
Clerk of the Board

UNSIGNED

\_\_\_\_\_  
London N. Breed  
Mayor

3/20/2020

\_\_\_\_\_  
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 her 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

3/20/2020

\_\_\_\_\_  
Date

File No. 190477 Committee Item No. 4  
Board Item No. \_\_\_\_\_

**COMMITTEE/BOARD OF SUPERVISORS**  
AGENDA PACKET CONTENTS LIST

Committee: Land Use and Transportation Committee Date July 29, 2019

Board of Supervisors Meeting Date \_\_\_\_\_

**Cmte Board**

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| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Legislative Digest                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Introduction Form                            |
| <input type="checkbox"/>            | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

**OTHER (Use back side if additional space is needed)**

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>REVISED Referral FYI Hearing 061019</u> |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>BOS Resolution No. 174-19</u>           |
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Completed by: Erica Major Date July 25, 2019  
Completed by: Erica Major Date \_\_\_\_\_

1 [Requesting the San Francisco Public Utilities Commission to Report on Options for Improving  
2 Electric Service through Acquisition, Construction, or Completion of Public Utility]

3 **Resolution determining that the public interest and necessity require changing the**  
4 **electric service provided in San Francisco; and requesting a report from the San**  
5 **Francisco Public Utilities Commission, under Charter, Section 16.101, on options for**  
6 **improving electric service in San Francisco through acquisition, construction or**  
7 **completion of public utility or utilities.**

8  
9 WHEREAS, The Board of Supervisors seeks to ensure reliable, safe, affordable, clean  
10 electric service to all customers in San Francisco from a utility that is responsive to the needs  
11 of its customers; and

12 WHEREAS, Pacific Gas & Electric Company's (PG&E) history raises questions about  
13 whether the utility has the ability and commitment to provide such service; recent examples  
14 that cause concern include the following:

- 15  
16 i. PG&E's safety violations in its electric and gas operations have caused  
17 significant suffering, loss of life, and damage to property;
- 18 ii. PG&E's repeated failure to meet the obligations and manage the risks of its  
19 business while remaining financially healthy, as demonstrated by PG&E's  
20 current voluntary bankruptcy, its voluntary bankruptcy in 2001, and the  
21 bankruptcies of several affiliates in 2003;
- 22 iii. PG&E's failure to provide safe and reliable electric service in San Francisco over  
23 many years, including a major power outage in December 1998, three fires at  
24 the Mission Substation between 1996 and 2003, and several incidents of  
25 underground explosions throughout the City;

- 1           iv. PG&E's primary focus on financial performance and public image and its failure  
2           to develop an effective safety culture, as found in two reports prepared for the  
3           California Public Utilities Commission;
- 4           v. PG&E's retail rate increases that make its electric service among the most  
5           expensive in the nation, with more increases expected as a result of the  
6           bankruptcy; and
- 7           vi. PG&E's consistent use of its monopoly status to delay, prevent, and increase  
8           the cost of the wholesale service it is required to provide to the City under a tariff  
9           approved by the Federal Energy Regulatory Commission, resulting in service  
10          delays and increased costs to critical City facilities—including public schools,  
11          affordable housing, health care facilities, streetlights and traffic controls, the  
12          Port, and basic city infrastructure—and the disruption of services provided to the  
13          public; and

14

15           WHEREAS, Article XI, Section 9 of the California Constitution grants cities the right to  
16          supply electricity if they choose to do so; and

17           WHEREAS, The City has been operating an electric utility since 1918, and has  
18          considered several times expanding service to all customers in San Francisco, as envisioned  
19          by the Raker Act (Pub. L. No 41, 38 Stat. 242 1913), which granted the City the right to  
20          develop the Hetch Hetchy clean water and hydropower resources for the benefit of the people  
21          of San Francisco; and

22           WHEREAS, For more than 100 years, San Francisco has been producing 100%  
23          greenhouse gas-free electricity to power our essential city services: hospitals, parks, schools,  
24          airport, public housing, and other city properties; and

25

1           WHEREAS, In 2016, despite years of opposition funded by PG&E, San Francisco  
2 launched CleanPowerSF, to provide clean renewable energy to residents and businesses,  
3 another incremental step toward energy independence; and

4           WHEREAS, According to climate scientists, we must take immediate steps to make the  
5 difference between catastrophe and a clean new future and cut carbon pollution in half within  
6 11 years; and

7           WHEREAS, The electric power sector is the largest contributor to U.S. global warming  
8 emissions and currently accounts for approximately one-third of the nation's total emissions.  
9 Natural gas, while producing lower emissions than coal or oil when used, nonetheless  
10 generates high levels of air pollution and other environmental impacts through extraction and  
11 production; and

12           WHEREAS, In a January 14, 2019 letter, on file with the Clerk of the Board of  
13 Supervisors in File No. 190367, Mayor Breed asked the San Francisco Public Utilities  
14 Commission (SFPUC) to evaluate in a preliminary report all options for changing how electric  
15 service is provided to ensure a safe, clean and dependable power grid; and

16           WHEREAS, Section 16.101 of the Charter states: "It is the declared purpose and  
17 intention of the people of the City and County, when public interest and necessity demand,  
18 that public utilities shall be gradually acquired and ultimately owned by the City and County.  
19 Whenever the Board of Supervisors, as provided in Sections 9.106, 9.107 and 9.108 of this  
20 Charter, shall determine that the public interest or necessity demands the acquisition,  
21 construction or completion of any public utility or utilities by the City and County, or whenever  
22 the electors shall petition the Board of Supervisors, as provided in Sections 9.110 and 14.101  
23 of this Charter, for the acquisition of any public utility or utilities, the Supervisors must procure  
24 a report from the Public Utilities Commission thereon"; now, therefore, be it  
25

1           RESOLVED, That the Board of Supervisors determines that the public interest and  
2           necessity require changing the electric service provided in San Francisco, and these changes  
3           may include the acquisition of PG&E's electrical system serving San Francisco, construction  
4           of new facilities by the City, or completion of the City's own electric system; and, be it

5           FURTHER RESOLVED, That the Board of Supervisors requests a report from the  
6           SFPUC within 45 days of this Resolution to help City policymakers and the public understand  
7           and evaluate the City's options.

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City and County of San Francisco  
Tails  
Resolution

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

File Number: 190367

Date Passed: April 09, 2019

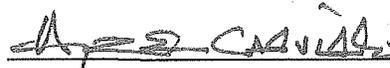
Resolution determining that the public interest and necessity require changing the electric service provided in San Francisco; and requesting a report from the San Francisco Public Utilities Commission, under Charter, Section 16.101, on options for improving electric service in San Francisco through acquisition, construction or completion of public utility or utilities.

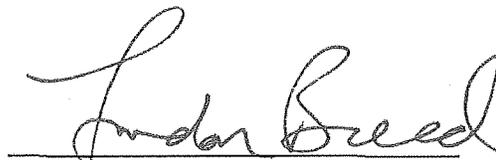
April 09, 2019 Board of Supervisors - ADOPTED

Ayes: 10 - Brown, Fewer, Haney, Mandelman, Peskin, Ronen, Safai, Stefani,  
Walton and Yee  
Absent: 1 - Mar

File No. 190367

I hereby certify that the foregoing  
Resolution was ADOPTED on 4/9/2019 by  
the Board of Supervisors of the City and  
County of San Francisco.

  
Angela Calvillo  
Clerk of the Board

  
London N. Breed  
Mayor

4/19/19  
Date Approved



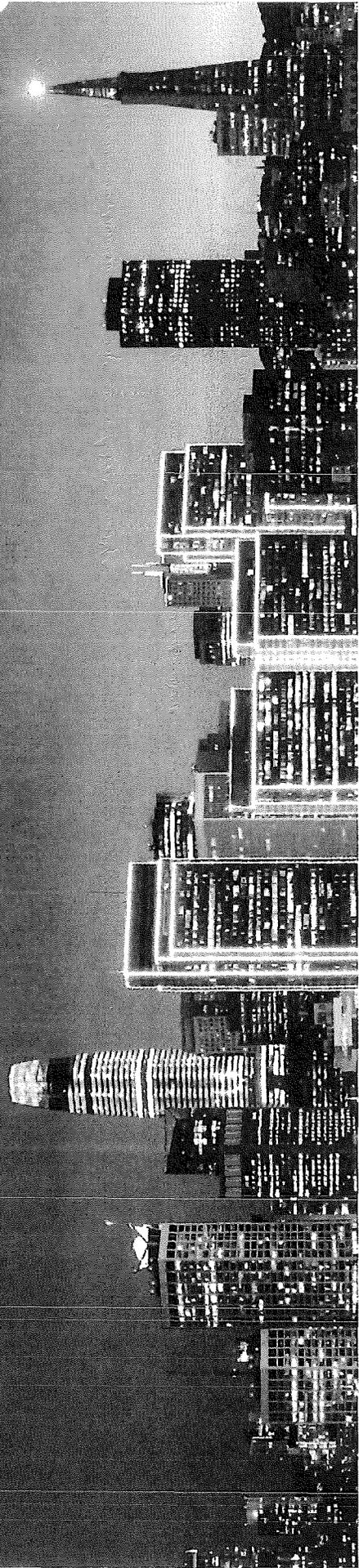
San Francisco  
Water Power Sewer  
Services of the San Francisco Public Utilities Commission



# Preliminary Report on Electric Service Options

May 2019

Presentation to Land Use Committee  
San Francisco Board of Supervisors  
Barbara Hale, AGM – Power  
June 10, 2019





## Today's Presentation will summarize...

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1. History of Power Provision in San Francisco
2. Context of Report
3. Review of Options
4. Next Steps



San Francisco  
**Water**  
**Power**  
**Sewer**

# History Of Power Provision



# SFPUC Power Operates Public Power & Community Choice Programs

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## **Hetch Hetchy Power**, San Francisco's publicly-owned retail electric utility

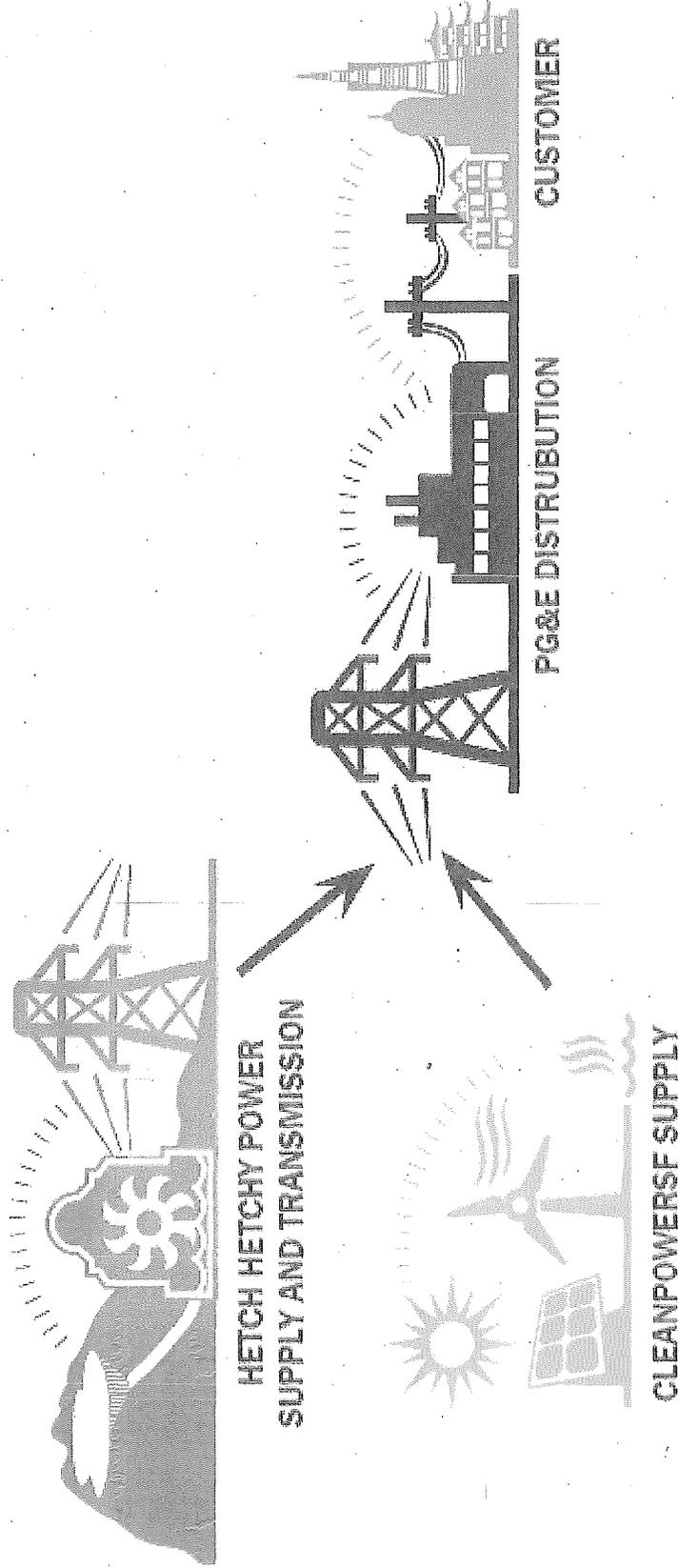
- 385 MW of hydro generation, 9 MW of solar generation, 4 MW biogas, and over 160 miles of transmission and distribution lines
- 150 MW of GHG-free power across 3,500 customer accounts including essential City services

## **CleanPowerSF**, the City's CCA program

- 360,000+ accounts with more affordable and cleaner power supply than PG&E



# Historically, the City has paid PG&E for distribution services





# The City's trajectory of measured independence from PG&E

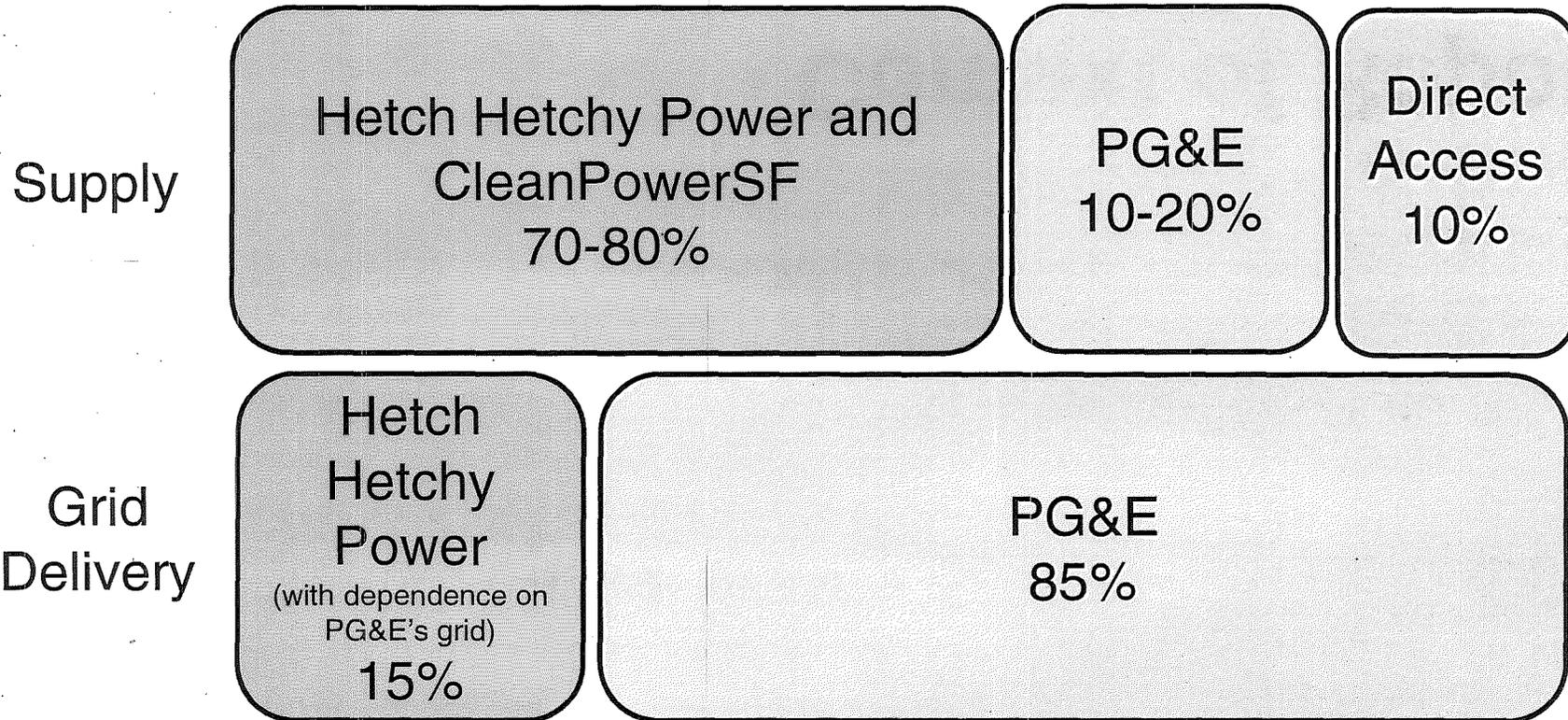
## SAN FRANCISCO'S INCREASING POWER INDEPENDENCE OVER TIME

1918	Early Intake Powerhouse starts operation.	Reducing reliance on PG&E for supply and transmission
1925	Moccasin Powerhouse starts operation (and is reconstructed in 1969).	
1960	Holm Powerhouse starts operation.	
1969	Kirkwood Powerhouse starts operation; transmission lines to Newark completed.	
1997	SFPUC assumes responsibility for all electric service on Treasure and Yerba Buena Islands.	Reducing reliance on PG&E for distribution
2007	SFPUC invests in distribution to serve the homes and businesses at "The Shipyard," a development at the former Hunter's Point Shipyard.	
2010-2015	SFPUC takes responsibility for scheduling and balancing its supplies to match its demands and managing supply market risks.	Eliminating reliance on PG&E for supply balancing services and market risk protection
2016	SFPUC invests in distribution to serve Transbay Transit Center and begins construction of the Bay Corridor Transmission and Distribution project.	Reducing reliance on PG&E for distribution
2016	SFPUC launches CleanPowerSF, offering San Francisco residents and businesses a choice of affordable, cleaner energy supplies.	Reducing reliance on PG&E for supply



# Who provides which electric services today?

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# Context of Report



## Context of Report

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### Reliance on PG&E distribution services:

- Causes **delays and increases costs** for City projects
- Creates **roadblocks** for city initiatives, such as affordable housing
- **Compromises** the City's climate goals

### PG&E's reliability, safety, and financial challenges

- Cited with **alarming safety violations**
- Filed for **bankruptcy** protection in January 2019

Mayor Breed and Board of Supervisors request report to explore **electric service options**



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# The City's Options



## Three Options

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- **Limited Independence** – pay PG&E to provide distribution service
- Targeted Investment for **More Independence** – continue **strategic investment** in distribution that PUC would own and pay PG&E to provide the service where we don't
- **Full Independence** through Acquisition – where we **pay PG&E a fair market value** and own and operate the system serving San Francisco



# Preliminary Comparative Statistics

## HETCH HETCHY POWER COMPARATIVE STATISTICS

(Preliminary Staff Estimates)

STATISTIC	LIMITED INDEPENDENCE	MORE INDEPENDENCE	FULL INDEPENDENCE
Accounts	3,500	7,000	400,000
	150 MW	300 MW	1,000 MW
Estimate of revenues from electricity sales (all estimates exclude supply revenues currently managed by CleanPower-SF)	\$100 million/yr	\$220 million/yr	\$500-\$700 million/yr
	\$25-\$100 million varies annually	\$10-300 million per investment	Dependent on Fair Market Value analysis; could be a few billion dollars initially

# CONSIDERATIONS FOR SAN FRANCISCO'S ELECTRIC GRID AND RELATED CLIMATE ACTION GOALS

GRID CONSIDERATION	LIMITED INDEPENDENCE	MORE INDEPENDENCE	FULL INDEPENDENCE
<b>Public Funds Flow To PG&amp;E to Build Out Its Grid in San Francisco</b>	<p>Yes</p>	<p>Yes With some reductions</p>	<p>No Funds are used only for public ownership and investment in San Francisco's Grid</p>
	<p>In some cases</p>	<p>In some cases</p>	<p>None</p>
<b>Decision Making and Grid Control</b>	<p>PG&amp;E</p>	<p>PG&amp;E</p>	<p>San Francisco</p>
	<p>California Public Utilities Commission</p>	<p>California Public Utilities Commission</p>	<p>San Francisco voters, Board of Supervisors, Mayor</p>
<b>Achievement of San Francisco's climate action goals</b>	<p>Subject to PG&amp;E cooperation</p>	<p>Subject to PG&amp;E cooperation</p>	<p>Driven by San Francisco</p>
	<p>Continues</p>	<p>Continues</p>	<p>Fully integrated</p>

# Limited Independence

The City would continue fighting for fair treatment and reasonable service from PG&E

- Customer **growth through transfers** of customers choosing SF
- PG&E continues to impose requirements that **negatively impact** the City's ability to serve customers
- This option has grown **increasingly untenable and unnecessarily expensive**

## EXAMPLE OF PG&E'S UNREASONABLE REQUIREMENTS

For a new transit worker restroom, PG&E tried to require the City to install equipment that takes up 600 square feet and costs half a million dollars.



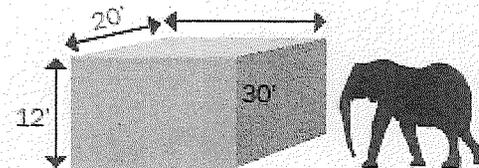
**SFMTA RESTROOM**

CAPITAL COST:  
\$60,000



**APPROPRIATE ELECTRICAL EQUIPMENT SPACE**

CAPITAL COST: \$5,000  
LIFETIME OPERATING COST:  
\$3,000



**PG&E REQUIRED EQUIPMENT SPACE\***

CAPITAL COST: \$500,000  
LIFETIME OPERATING COST:  
\$150,000

TELEPHANT FOR SCALE ONLY, NOT CURRENTLY REQUIRED BY PG&E



# Targeted Investment for More Independence

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The City has shifted towards more **aggressive investment** in building its own electric distribution systems

- Represented in Power Enterprise Business Plan 2016
- Enabled by the passage of Proposition A in 2018

SFPUC has already made targeted investments

- Hunter's Point Shipyard, Transbay Transit Center, & Bay Corridor Transmission and Distribution Project

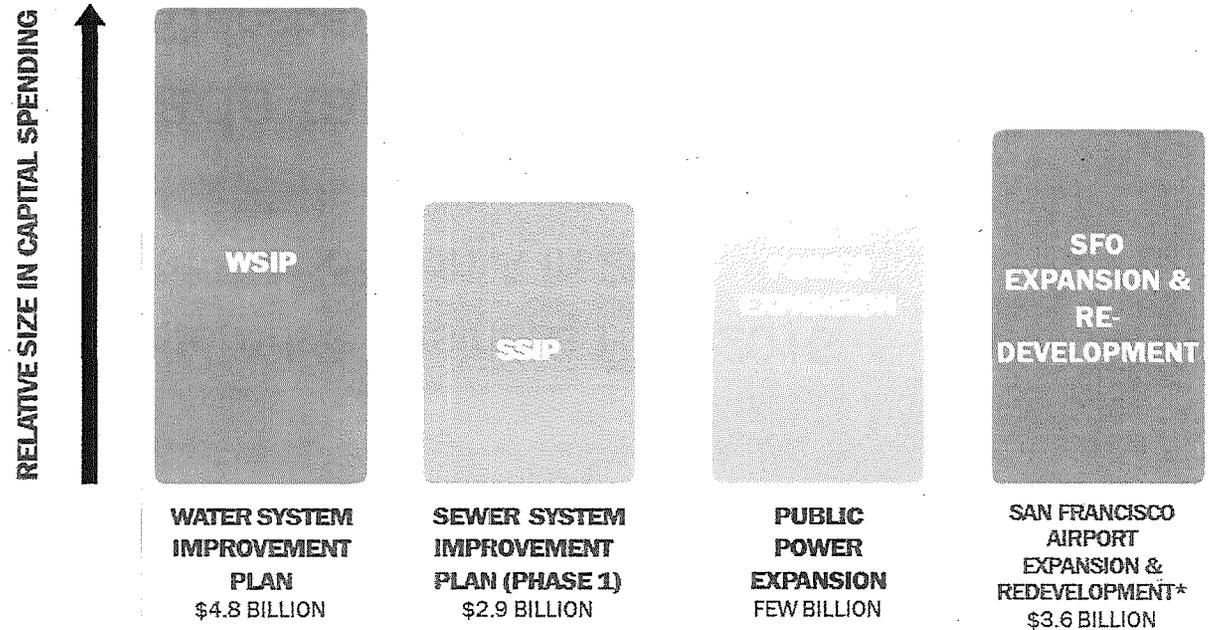
**Hardships remain** where City has not made the investments



# Acquire PG&E Assets for Full Independence

- **Expand** the City's existing publicly-owned utility
- Investments would be **revenue bond-funded**
- Initial staff estimates put acquisition costs in range of **a few billion dollars**

CAPITAL SPENDING COMPARISON



\*This includes San Francisco Airport's terminal redevelopment and groundside projects.



# Acquire PG&E Assets for Full Independence

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Power independence is a **complex undertaking** and comes with **risks and challenges** that need to be assessed

- Condition of PG&E assets is largely unknown
- Potential impacts on PG&E's remaining customers
- Impacts on costs and rates
- Workforce expansion
- Integration of PG&E's operational systems and technologies
- Possible disproportionate impacts to communities and residents of the City



# Acquire PG&E Assets for Full Independence

---

Likely long term **benefits relative to investment costs and risks:**

- Durable, long term cost savings
- Timely and cost-efficient modernization of the grid
- Meeting the City's priorities on affordability, clean energy, safety, reliability, workforce development, and equity

Maximum **community engagement and accountability**



# Next Steps



## Continue to Evaluate Public Power Expansion

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Report concludes: study work should **focus on acquisition** of PG&E electric assets serving San Francisco

- Assess **which assets** to purchase and the current **condition and value** of those assets
- Assess PUC **operational readiness** for expanded responsibilities and City's overall **organizational capacity**
- Assess **equity implications**
- Understand **system engineering impacts**
- Understand **impacts on remaining PG&E customers**
- Develop a **transition plan**



## Continue to Evaluate Public Power Expansion

---

- **Bankruptcy timeline accelerates the study effort**
  - PG&E has exclusive right to form a Plan of Reorganization until September 29<sup>th</sup>
  - Working to position City to be ready to engage
- Any successful effort could include a few year **transition period**
  - Complete regulatory approvals
  - Perform any facilities reconstruction to separate PG&E and City systems
  - Staff up, train up

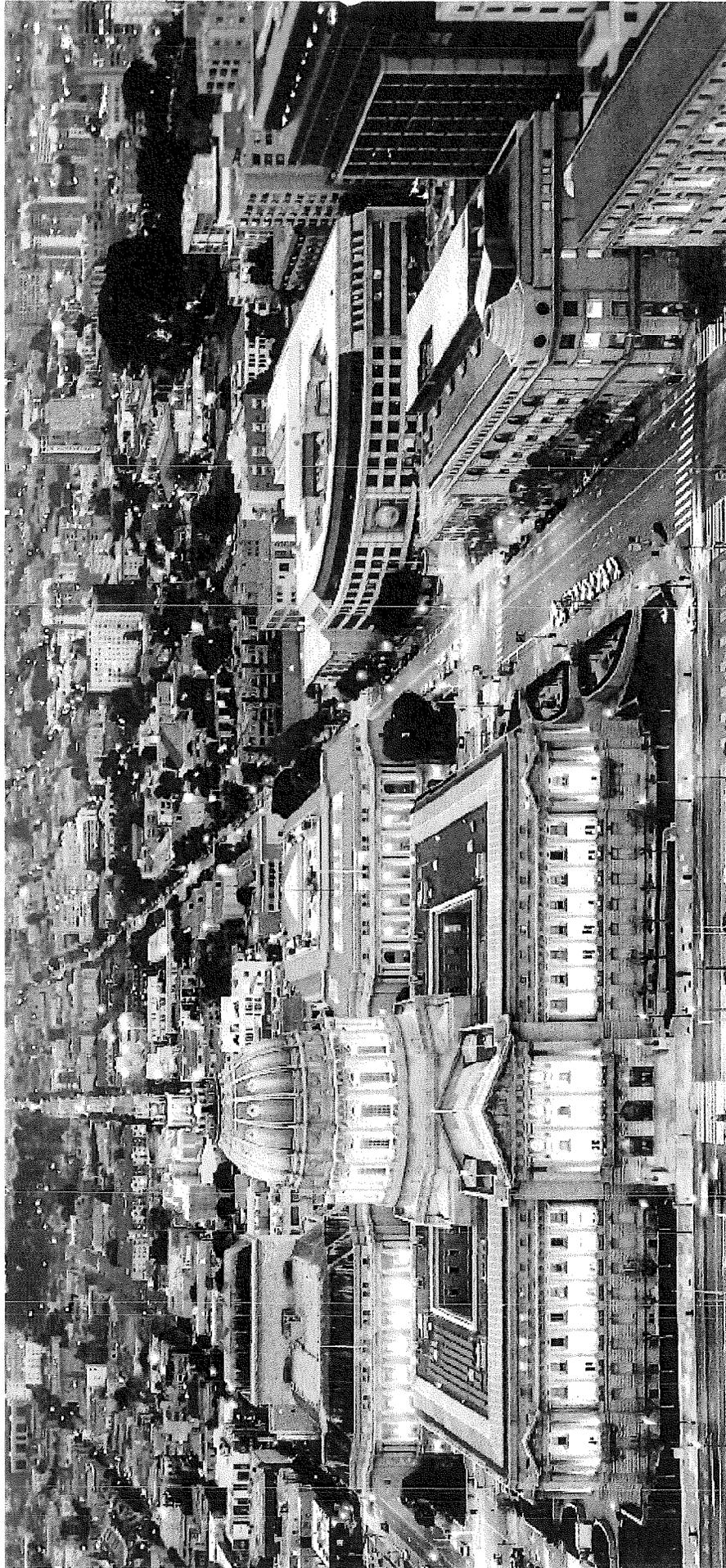


## Continue to Evaluate Public Power Expansion

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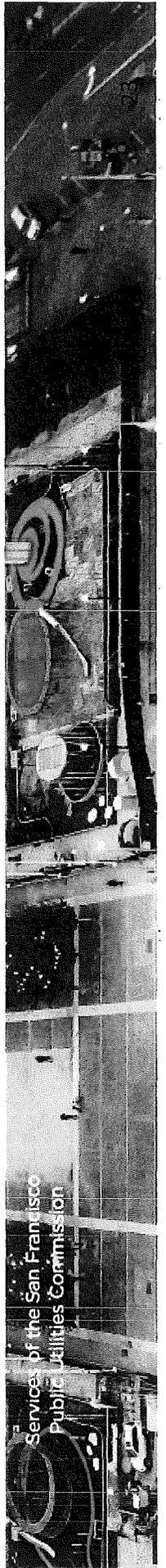
Answer this big question:

*Can San Francisco purchase the assets, invest in separation costs, and provide affordable, reliable, safe public power service, consistent with our values on clean power content and equity, while meeting our financial requirements?*



# THANK YOU

**Barbara Hale, SFPUC Assistant General Manager – Power**



Services of the San Francisco  
Public Utilities Commission

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

## MEMORANDUM

TO: Harlan Kelly, Jr., General Manager, Public Utilities Commission

FROM: Erica Major, Assistant Clerk, Land Use and Transportation Committee

DATE: June 10, 2019

SUBJECT: HEARING MATTER INTRODUCED

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The Board of Supervisors' Land Use and Transportation Committee has received the following hearing request, introduced by Supervisor Ronen on April 30, 2019:

**File No. 190477**

**Hearing to receive a report from the San Francisco Public Utilities Commission on options for improving electric service through acquisition, construction, or completion of public utilities, pursuant to Resolution No. 174-19, adopted April 9, 2019, and in accordance with Charter, Section 16.101; and requesting the San Francisco Public Utilities Commission to report.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c: Juliet Ellis, Public Utilities Commission  
Donna Hood, Public Utilities Commission  
John Scarpulla, Public Utilities Commission  
Christopher Whitmore, Public Utilities Commission

# Introduction Form

By a Member of the Board of Supervisors or Mayor

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2019 APR 30 10:45:20  
Time stamp  
or meeting date

I hereby submit the following item for introduction (select only one):

BY \_\_\_\_\_

- 1. For reference to Committee. (An Ordinance, Resolution, Motion or Charter Amendment).
- 2. Request for next printed agenda Without Reference to Committee.
- 3. Request for hearing on a subject matter at Committee.
- 4. Request for letter beginning : "Supervisor [ ] inquiries"
- 5. City Attorney Request.
- 6. Call File No. [ ] from Committee.
- 7. Budget Analyst request (attached written motion).
- 8. Substitute Legislation File No. [ ]
- 9. Reactivate File No. [ ]
- 10. Topic submitted for Mayoral Appearance before the BOS on [ ]

Please check the appropriate boxes. The proposed legislation should be forwarded to the following:

- Small Business Commission
- Youth Commission
- Ethics Commission
- Planning Commission
- Building Inspection Commission

**Note: For the Imperative Agenda (a resolution not on the printed agenda), use the Imperative Form.**

Sponsor(s):

Ronen; Peskin, Fewer

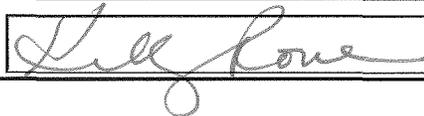
Subject:

Hearing on SFPUC preliminary report on ensuring safe, reliable, clean, affordable electric service to San Francisco.

The text is listed:

On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-19, resolving that public interest and necessity require changing electric service provided in San Francisco and requesting the San Francisco Public Utilities Commission to Report within 45 days, in accordance with Section 16.101 of the City Charter, on options for improving electric service through acquisition, construction, or completion of public utility. San Francisco PUC to present report.

Signature of Sponsoring Supervisor:



**PUBLIC UTILITIES COMMISSION**

City and County of San Francisco

RESOLUTION NO. 20-0011

WHEREAS, On June 5, 2018, the voters of the City approved Proposition A, amending Charter Section 8B.124 (Proposition A), which among other things, authorized the San Francisco Public Utilities Commission (SFPUC) to issue revenue bonds, including notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities or combinations of water, clean water and power facilities under the jurisdiction of the SFPUC, or for any lawful purpose of the power utility; and

WHEREAS, On January 29, 2019, PG&E Corporation and its subsidiary, PG&E, filed for bankruptcy due to tens of billions of dollars in liabilities for the devastating wildfires caused by PG&E equipment in 2017 and 2018; and

WHEREAS, In a letter dated January 14, 2019, Mayor London Breed asked the SFPUC to prepare an analysis of the options for ensuring safe and reliable electric service within the City, including the possibility of acquiring the PG&E electric distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

WHEREAS, On March 14, 2019, Mayor Breed and City Attorney Dennis Herrera submitted a letter to PG&E notifying it that the City had commenced work to determine the feasibility of the City's acquisition of the PG&E Assets; and

WHEREAS, On April 9, 2019, the Board of Supervisors (Board) adopted Resolution No. 174-19 determining that the public interest and necessity require changing the electric service provided in the City and requesting the SFPUC to prepare a report on options for improving electric service in the City through acquisition, construction, or completion of public utilities pursuant to Charter Section 16.101; and

WHEREAS, On May 13, 2019, the SFPUC submitted a report to Mayor Breed and the Board (SFPUC Report), which is hereby declared to be a part of this Resolution as if set forth fully herein, analyzing three options for power independence, including (1) continued reliance on PG&E for electricity distribution service, (2) targeted investments in electric grid infrastructure to lessen the City's reliance on PG&E, and (3) full power independence through acquisition of the PG&E Assets; and

WHEREAS, The SFPUC Report concluded that acquisition of the PG&E Assets is the only option that would allow the City to meet its goals for affordable, safe, and reliable service; protection of the environment and climate goals; transparency and public accountability, and; workforce development and equity; and

WHEREAS, The City has engaged a number of expert consultants to provide analysis and advice for the acquisition of the PG&E Assets, including in the areas of utility asset valuation, finance, utility rates, labor, engineering, and operations; and

WHEREAS, On September 6, 2019, Mayor Breed and City Attorney Herrera submitted to PG&E a non-binding indication of interest (IOI), which is hereby declared to be a part of this Resolution as if set forth fully herein, to acquire the PG&E Assets for \$2.5 billion in connection with the PG&E bankruptcy cases (Proposed Acquisition); and

WHEREAS, On September 17, 2019, the Board adopted Resolution No. 403-19 supporting the IOI and urging PG&E to work cooperatively with the City on the Proposed Acquisition; and

WHEREAS, On September 19, 2019, Mayor Breed and City Attorney Herrera submitted a second letter to PG&E, which is hereby declared to be a part of this Resolution as if set forth fully herein, to provide additional information on the City's offer and proposing to work with PG&E to include the City's offer in PG&E's September 9, 2019 bankruptcy plan of reorganization; and

WHEREAS, SFPUC anticipates that in addition to the purchase price for the Proposed Acquisition, funds will be required for the SFPUC's transition to ownership and operation of the PG&E Assets, including but not limited to work to separate the PG&G Assets from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment inventory and software; and establishing operating reserves; and

WHEREAS, The City has a long history of working productively with its unionized workforce, and will work in good faith to transition current PG&E unionized employees to City employment; and

WHEREAS, Pursuant to Charter Section 8B.124, the Board may approve by ordinance revenue bond financing for any lawful purpose of the City's power utility and in furtherance of, among other things, the City's clean energy goals and enhanced safety and reliability for electric service; and

WHEREAS, The SFPUC intends to authorize the issuance of Power Enterprise revenue bonds to fund the Proposed Acquisition if and when the six conditions specified below are met; and

WHEREAS, The Bureau of Environmental Management determined that this action does not constitute a project under the California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4), and subsequent action by this Commission to approve any specific activities at a particular location, or the Proposed Acquisition, is conditioned upon completion of environmental review in compliance with CEQA, the CEQA Guidelines, Administrative Code Chapter 31, and Proposition A; now, therefore, be it

RESOLVED by the San Francisco Public Utilities Commission, as follows:

Section 1. Conditional Issuance of Bonds. The Commission is authorized to issue Power Enterprise revenue bonds for the Proposed Acquisition in an amount not to exceed \$3,065,395,000, inclusive of the \$2,500,000,000 acquisition cost plus additional funds SFPUC anticipates will be required for the transition to ownership and operation of the PG&E assets, including but not limited to work to separate the PG&E assets from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment inventory and software; and establishing operating reserves, and funding bond financing costs; subject in all respects to the satisfaction in the future of each of the following six conditions prior to the issuance of the SFPUC bonds herein authorized:

(1) The City has negotiated a binding agreement or agreements with PG&E for the acquisition of the PG&E assets, or is otherwise legally authorized to acquire the assets, with terms and conditions that protect the interests of the City and electric customers;

(2) Commission staff has prepared an analysis of electric rates and proposed rate structures, including but not limited to rates for low income customers;

(3) Commission staff has obtained and delivered to the Commission and the Board the certifications required under Charter Section 8B.124(a) and (b);

(4) Commission staff has determined that the Power Enterprise revenue bonds can be issued on terms and at interest rates that will make the Proposed Acquisition financially feasible, including to the extent available under law exemption of interest on such Power Enterprise revenue bonds;

(5) The Commission has adopted a resolution approving the binding documents required for acquisition and all forms of associated financing documents; and

(6) The Board of Supervisors has adopted an ordinance by a two-thirds vote providing final authorization to the SFPUC to issue Power Enterprise revenue bonds for the Proposed Acquisition in accordance with Charter Section 8B.124.

Section 2. CEQA Findings. The Commission, in approving this Resolution, is not providing final approval of the issuance of the Power Enterprise revenue bonds or approving the Proposed Acquisition within the meaning of CEQA. The Commission retains absolute discretion to decide whether to approve the issuance of revenue bonds and to proceed with the Proposed Acquisition, and the Commission will not take any discretionary action committing the City to approve the Proposed Acquisition until the Commission has reviewed and considered any environmental documentation prepared by the City in compliance with CEQA and adopted any appropriate findings in compliance with CEQA.

Accordingly, the Commission retains discretion to, among other things, modify the terms of the Proposed Acquisition to mitigate any significant environmental impacts, require the implementation of specific measures to mitigate any significant environmental impacts of the Proposed Acquisition, to approve or reject the issuance of revenue bonds for the Proposed Acquisition, and to approve or reject the Proposed Acquisition.

Section 3. Effective Date. This resolution shall take effect immediately after its adoption.

*I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting January 14, 2020.*

A handwritten signature in black ink that reads "Alonna Wood". The signature is written in a cursive style with a horizontal line underneath the name.

Secretary, Public Utilities Commission