

1 [Settlement of proceeding before the California Public Utilities Commission regarding the  
2 December 2003 fire at PG&E's Mission Substation and the subsequent outage]

3 **Ordinance authorizing settlement of the proceeding before the California Public**  
4 **Utilities Commission, Investigation 05-03-011, to determine whether PG&E should be**  
5 **found in violation of state law and fined in connection with the December 2003 fire at**  
6 **the Mission Substation and the subsequent outage affecting 100,000 customers in San**  
7 **Francisco.**

8  
9 Be it ordained by the People of the City and County of San Francisco:

10 Section 1. The City Attorney is hereby authorized to settle the proceeding before the  
11 California Public Utilities Commission (CPUC), Investigation 05-03-011, to determine whether  
12 PG&E should be found in violation of state law and fined in connection with the December  
13 2003 fire at the Mission Substation and the subsequent outage affecting 100,000 customers in  
14 San Francisco. The terms of the settlement are set forth in the Settlement Agreement  
15 (Settlement) among the City and County of San Francisco, the CPUC's Consumer Protection  
16 and Safety Division, and PG&E on file with the Clerk of the Board of Supervisors in File No.  
17 \_\_\_\_\_, which is declared to be part of this ordinance as if fully set forth herein. If  
18 approved by the Board of Supervisors, the Settlement will be submitted to the CPUC for  
19 approval.

20 Section 2. The material terms of the Settlement require PG&E to pay \$6.5 million out  
21 of shareholder funds, *i.e.*, PG&E cannot recover these expenditures in rates, as follows:

22 (a) \$3 million for additional reliability improvements to PG&E's electric system in  
23 San Francisco, which includes funding for an independent consultant to assess system  
24 reliability in San Francisco;  
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1 (b) \$1 million in capital expenditures to improve the visual aspects of the Hunters  
2 Point substation in San Francisco, which will continue to operate following the demolition of  
3 the Hunters Point Power Plant;

4 (c) \$750,000 paid to the City and County of San Francisco to improve the operation  
5 of City facilities critical to public safety in the event of future outages;

6 (d) \$750,000 for specialized training and fire equipment for the San Francisco Fire  
7 Department (SFFD), the purpose of which is to enhance the ability of SFFD to respond  
8 effectively to PG&E-related emergencies.;

9 (e) \$500,000 to the CPUC for the development of a substation inspection program;  
10 and

11 (f) \$500,000 to be paid into the State of California's General Fund.

12 Section 3. As part of the Settlement, the City and County of San Francisco will receive  
13 a payment from PG&E for \$750,000 to improve the operation of City facilities critical to public  
14 safety in the event of future outages. Additional funds for this purpose may be received by the  
15 City if excess funds are available from other projects under the settlement, as specified in  
16 sections 5 and 6 of the Settlement. The \$750,000 and any additional funds received under  
17 the Settlement for this purpose shall be appropriated for use by the San Francisco Public  
18 Utilities Commission (SFPUC) to improve the operation of City facilities critical to public safety  
19 in the event of future outages. Within six months of PG&E's payment of the \$750,000 to the  
20 City pursuant to paragraph 7 of the Settlement, the SFPUC shall report to the Board of  
21 Supervisors regarding the expenditure of these funds.

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23 APPROVED AS TO FORM AND  
24 RECOMMENDED:

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DENNIS J. HERRERA

1 City Attorney

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3 Thomas J. Long  
4 Deputy City Attorney

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