

LEGISLATIVE DIGEST

(First Draft, 12/12/2017)

[Charter Amendment - Revenue Bonds for Public Utilities Commission Power Facilities]

Describing and setting forth a proposal to the voters at an election to be held on June 5, 2018, to amend the Charter of the City and County of San Francisco to authorize the Public Utilities Commission to issue revenue bonds for power facilities when approved by ordinance receiving a two-thirds vote of the Board of Supervisors.

Existing Law

Charter section 8B.124 allows the Public Utilities Commission (PUC), when approved by a 2/3 vote of the Board of Supervisors, to issue revenue bonds for water and/or clean water facilities.

Amendments to Current Law

This amendment would allow the PUC to also issue revenue bonds for power facilities, when approved by a 2/3 vote of the Board of Supervisors. Bonds issued for power facilities would be subject to all of the other requirements of Section 8B.124 that currently apply to the PUC's water and clean water utility enterprises.

Background Information

1. Under Charter sections 9.107(6) and (8) PUC already has the authority to issue revenue bonds for some power facilities, but this authority is limited to certain types of equipment.
2. Electricity customers are already required to pay the costs of equipment needed to serve them, but with the proposed authority PUC will be able to plan for and finance power infrastructure in a more efficient and cost-effective way. In some cases, PUC may be able to build one facility that can serve multiple locations instead of building duplicative facilities for each customer. This can reduce the delays and disruptions caused by equipment installation and reduce costs.
3. The bond authority proposed here would allow the PUC to incorporate solar electricity, storage, electric vehicle chargers and other grid-connected assets that are important for sustainable and innovative electricity service.
4. Federal law provisions that became applicable to the City in July 2015 require PUC to own more of the equipment used to deliver electricity to customers than was previously required.

5. Revenue bonds issued under the proposed authority would be subject to the requirements already followed by the PUC's water and clean water programs. In addition to Board of Supervisors approval, PUC would need to satisfy the following requirements:
- a. The PUC Commission must review and approve proposed revenue bonds.
 - b. Revenue bonds are subject to review by the Public Utilities Revenue Bond Oversight Committee, Administrative Code Sections 5A.30-5A.36.
 - c. The PUC is required to retain an independent engineer to certify that bond-financed projects meet cost and schedule standards, and that estimated net revenue will be sufficient to meet debt service coverage and other requirements.
 - d. The SF Planning Department must certify that bond-financed projects comply with the California Environmental Quality Act.

6. The PUC provides clean electricity that is primarily sourced from the City's Hetch Hetchy hydroelectric system. Currently, the PUC's provision of greenhouse-gas-free electricity reduces the City's carbon footprint by about 387 million pounds per year as compared to electricity provided by PG&E. The PUC explains that this number is based on the 955 million kilowatt hours of electricity used by City departments and municipal agencies, multiplied by PG&E's most recently released power emissions factor (2015) of 405 pounds of carbon dioxide per megawatt hour. PG&E voluntarily reports this number to the Climate Registry. The Climate Registry is a non-profit organization formed in 2007 as the successor to the California Climate Action Registry, pursuant to State statute, to develop a central database for the uniform and verifiable reporting of GHG emissions.

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