

1 [Administrative Code - Purchase of Electric Facilities]

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3 **Ordinance amending the Administrative Code to authorize the Public Utilities**
4 **Commission to purchase utility infrastructure from customers that the Public Utilities**
5 **Commission would otherwise be required to install, subject to specified conditions.**

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7 NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.
8 **Additions to Codes** are in *single-underline italics Times New Roman font*.
9 **Deletions to Codes** are in *strikethrough italics Times New Roman font*.
10 **Board amendment additions** are in double-underlined Arial font.
11 **Board amendment deletions** are in ~~strikethrough Arial font~~.
12 **Asterisks (* * * *)** indicate the omission of unchanged Code
13 subsections or parts of tables.

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

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14 Section 1. General Background and Findings.

15 (a) The City and County of San Francisco (“City”), through the Public Utilities
16 Commission, operates a municipal electric utility, Hetch Hetchy Power (“PUC”). The PUC
17 provides 100% greenhouse gas free electricity from hydropower and other sources.

18 (b) Under Administrative Code Chapter 99 and City policy, PUC seeks to supply
19 electricity to all new developments and customers in the City, whenever feasible.

20 (c) Large electric customers are seeking PUC electric service due to stable rates,
21 reliable service, and expanding infrastructure. These customers include San Francisco Bay
22 Ferry (to electrify San Francisco ferries) and the Energy Center San Francisco Steam Loop (to
23 convert from gas to electric steam generators).

24 (d) Ordinance 65-21 enacted Administrative Code Section 99.5, to authorize PUC to
25 contract with developers for installation of utility facilities that the PUC would otherwise be required

1 to install. This authority has allowed the City to provide electric service to new developments in a
2 more timely and cost-effective manner.

3 (e) Extending the authority in Administrative Code Section 99.5 to authorize PUC to
4 purchase facilities from customers will enable PUC to connect loads more efficiently. PUC has
5 a ten-year capital program, including investments to deliver more clean power, support
6 increased housing density, serve new load, and meet electrification goals of the City's Climate
7 Action Plan. Given the scale of proposed new loads, the current constraints in electric grid
8 capacity, and interconnection delays, improving PUC's ability to connect customers is
9 important.

10 (f) Customers seeking PUC electric service for large projects can install electric facilities
11 as part of the work that is already ongoing at a project site. They can schedule the work so as
12 not to conflict with other construction, and to ensure completion in the timeframe required to
13 meet project schedules.

14 (g) In some cases, PUC can work with customers to install facilities with excess capacity
15 that PUC can use to serve other customers, minimizing the cost and disruption of piecemeal
16 construction in the public right of way.

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18 Section 2. Chapter 99 of the Administrative Code is hereby amended by revising
19 Section 99.5, to read as follows:

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21 **SEC. 99.5. CONTRACTING WITH DEVELOPERS TO INSTALL ELECTRIC**
22 **FACILITIES AT NEW DEVELOPMENTS.**

23 (a) The PUC may contract with developers that are subject to a development
24 agreement with the City to install utility facilities that the PUC would otherwise be required to
25 install, without competitive bidding, provided that:

1 (1) The PUC has determined it is feasible to provide power to the development
2 project, and the developer has agreed that the PUC will be the power provider for the project;

3 (2) The City has entered into a development agreement that (A) requires the
4 developer to complete infrastructure for the project; and (B) includes a workforce and job
5 creation program that, among other things, requires nondiscrimination and the payment of
6 prevailing wages; and

7 (3) The PUC has reasonably determined that the amount payable to the
8 developer for the PUC work is equal to, or less than, the amount the PUC would expect to pay
9 to perform the same work itself through its standard contracting process.

10 (b) The PUC may consider every contract entered into under subsection (a) of this
11 Section 99.5~~(a)~~ as supplemental to the work required under the development agreement,
12 provided the PUC includes in the contract: (1) the nondiscrimination and workforce
13 requirements contained in the applicable development agreement, so that the work is
14 performed in the same manner and with the same workforce requirements as the other
15 infrastructure work to be completed by the developer under the development agreement; and
16 (2) a detailed description of the developer's scope of work and PUC's costs. The PUC may
17 exclude from the contract any City contracting requirements that were waived by the Board of
18 Supervisors in its approval of the applicable development agreement.

19 (c) The PUC may contract to purchase from a customer existing or newly constructed utility
20 facilities that PUC would otherwise be required to install, provided that:

21 (1) The PUC has determined it is feasible to provide power to the customer's project,
22 and the customer has agreed that the PUC will be the power provider for the project;

23 (2) The PUC and the customer have entered into an agreement that (A) describes the
24 facilities and each party's cost responsibility; and (B) for new construction, requires a workforce
25 development program that includes nondiscrimination in contracts, prevailing wages, local hire, and

1 first source hiring; and

2 (3) The PUC has reasonably determined that any amount payable to the customer for
3 the facilities is equal to, or less than, the amount the PUC would expect to pay to perform the same
4 work itself through its standard contracting process.

5 (d) The PUC is authorized to accept ownership of the facilities purchased under this Section
6 99.5 and any associated easements, unless an applicable law, regulation or tariff requires ownership
7 by a third-party electric utility.

8 (e) Contracts PUC enters under this Section 99.5 are exempt from the requirements of
9 Chapters 6 and 21 of the Administrative Code.

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11 Section 3. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors
12 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,
13 numbers, punctuation marks, charts, diagrams, or any other constituent parts of the Municipal
14 Code that are explicitly shown in this ordinance as additions, deletions, Board amendment
15 additions, and Board amendment deletions in accordance with the “Note” that appears under
16 the official title of the ordinance.

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18 Section 4. Effective Date. This ordinance shall become effective at 12:00 a.m. on the
19 31st day after enactment. Enactment occurs when the Mayor signs the ordinance, the Mayor
20 returns the ordinance unsigned or does not sign the ordinance within ten days of receiving it,
21 or the Board of Supervisors overrides the Mayor’s veto of the ordinance.

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24 APPROVED AS TO FORM:
25 DAVID CHIU, City Attorney

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By: _____
SANDY GOLDBERG
Deputy City Attorney

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