

File No. 211053

Committee Item No. 7

Board Item No. 17

COMMITTEE/BOARD OF SUPERVISORS

AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee
Board of Supervisors Meeting

Date November 17, 2021

Date November 30, 2021

Cmte Board

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | Resolution |
| <input type="checkbox"/> | <input type="checkbox"/> | Ordinance |
| <input 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 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 checked="" type="checkbox"/> | <input checked="" 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 |
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OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PUC Resolution No. 21-0153 9/28/21</u> |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | <u>PUC Presentation 11/17/21</u> |
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Completed by: Brent Jalipa

Date November 12, 2021

Completed by: Brent Jalipa

Date November 19, 2021

1 [Affordable Housing Agreement - Pacific Gas and Electric Company - Term of Ten or More
2 Years]

3 **Resolution approving an agreement between the City and County of San Francisco and**
4 **Pacific Gas and Electric Company establishing requirements for certain affordable**
5 **housing projects to connect to the electric grid for a term of ten or more years, to**
6 **commence following approval by the Federal Energy Regulatory Commission.**

7
8 WHEREAS, The City and County of San Francisco (“City”), through the San Francisco
9 Public Utilities Commission (“SFPUC”), has been providing electric service to affordable
10 housing projects for decades; and

11 WHEREAS, In most cases, the SFPUC must obtain wholesale distribution service
12 from Pacific Gas and Electric Company (“PG&E”), pursuant to the terms and conditions of
13 PG&E’s Wholesale Distribution Tariff on file with the Federal Energy Regulatory Commission
14 (“FERC”), because the City does not own the electric distribution grid; and

15 WHEREAS, San Francisco housing costs are among the nation’s highest and most
16 unaffordable, with approximately one-third of households burdened with housing costs more
17 than 30 percent of their income, and 17 percent of renters “extremely rent-burdened,”
18 meaning they spent 50 percent or more of their household income on rent; and

19 WHEREAS, San Francisco addresses this housing crisis in several ways, including by
20 investing significant public funding to create new and preserve existing housing affordable to
21 low- and moderate-income households; and

22 WHEREAS, In the past, at most affordable housing projects the SFPUC has obtained
23 secondary voltage level service from PG&E; and

1 WHEREAS, In recent years, PG&E has required these and other projects to connect at
2 primary voltage levels, using large, expensive equipment designed for much larger projects;
3 and

4 WHEREAS, At many of the affordable housing projects being developed in San
5 Francisco, it is both cost-prohibitive and infeasible due to space constraints to install the
6 equipment necessary to obtain primary voltage electric service, therefore undermining San
7 Francisco’s strategies to address its affordable housing crisis; and

8 WHEREAS, The City and PG&E share a goal of supporting the development of high-
9 quality 100 percent affordable housing in San Francisco and providing its residents with
10 affordable electric service that will help protect vulnerable households and strengthen the
11 City’s diverse communities; and

12 WHEREAS, Under the terms of the agreement on file with the Clerk of the Board of
13 Supervisors in File No. 211053, PG&E has agreed to provide secondary-level wholesale
14 distribution service to SFPUC for new 100 percent affordable housing projects that are on
15 City-owned land, subject to certain conditions (“Agreement”); and

16 WHEREAS, The Agreement will enable the SFPUC to provide electric service to some
17 new affordable housing projects being developed in the next ten years or more; and

18 WHEREAS, The term of the Agreement is for ten years, but the SFPUC and PG&E
19 may agree to extend the term for up to an additional five years without additional approval by
20 this Board of Supervisors or the Public Utilities Commission; and

21 WHEREAS, The Agreement does not obligate the SFPUC to expend any City funds;
22 and

23 WHEREAS, On September 28, 2021, in Resolution No. 21-0153, the SFPUC approved
24 the Agreement and authorized the General Manager of the SFPUC to seek Board of
25 Supervisors’ approval of the Agreement; and

1 WHEREAS, Section 9.118(b) of the San Francisco Charter requires approval by the
2 Board of Supervisors (“Board”) for contracts in excess of ten years; and

3 WHEREAS, This Agreement will be submitted to the FERC for approval, if approved by
4 this Board of Supervisors, and will not become effective unless approved by the FERC; now,
5 therefore, be it

6 RESOLVED, That the Board approves the Agreement for a term of ten years or more
7 from the effective date of the Agreement; and, be it

8 FURTHER RESOLVED, That the Board further authorizes the SFPUC General
9 Manager to extend the term of the Agreement for up to an additional five years, subject to the
10 agreement of PG&E; and

11 FURTHER RESOLVED, That the Board further authorizes the SFPUC General
12 Manager to enter into any modifications and amendments to the Agreement that the General
13 Manager determines, in consultation with the City Attorney, are in the best interests of the City
14 and do not materially increase the obligations or liabilities of the City, are necessary or
15 advisable to effectuate the purposes of the Agreement, and are in compliance with all
16 applicable laws, including the City’s Charter; and, be it

17 FURTHER RESOLVED, That within 30 days of the Agreement being fully executed
18 by the parties, the SFPUC shall provide it to the Clerk of the Board for inclusion in the
19 official file.

Affordable Housing Agreement with PG&E

Budget and Finance Committee Meeting
November 17, 2021



Services of the San Francisco
Public Utilities Commission

Hetch Hetchy **POWER**



Background

- As reported in the Quarterly Reports to the Board on the status of the City's applications to PG&E for electric service:
 - PG&E continues to deny San Francisco's request for secondary service (low-voltage service)
 - Affordable Housing projects generally require a secondary service connection
- The City and PG&E have entered into this limited agreement to provide more certainty and allow certain Affordable Housing projects to move forward in a timely manner.

Limited Applicability

- Agreement does not apply to
 - Projects not on City property (includes new and existing projects undergoing rehab/renovations)
 - Projects that have units that do not meet the low-income guidelines
- There are currently 33 affordable housing projects (~4,000 units) in the pipeline that meet the eligibility requirements of the agreement
 - However, not all of these projects will be able to take advantage of this agreement due to various construction constraints

Eligibility & Terms

- Eligibility requirements:
 - Project must be 100% affordable housing
 - All eligible residents will be charged for electricity under the SFPUC's Low-Income Residential Service Schedule
 - Project must be located on City-owned land (or scheduled to be transferred to City ownership)
- Terms:
 - 10 years
 - PG&E will serve temporary power for construction (as a PG&E retail customer)

Agreement Between PG&E and the SFPUC to Support 100% Affordable Housing
Projects in San Francisco (09.17.21)

This 100% Affordable Housing Agreement (“Agreement”) is being made between the City and County of San Francisco (“City”), acting through the San Francisco Public Utilities Commission (“SFPUC”), and Pacific Gas and Electric Company (“PG&E”) or together as “Parties” on September 17, 2021.

Parties enter into this Agreement with a shared goal of supporting the development of high-quality 100% affordable housing in San Francisco and providing its low-income residents with affordable electric service that will help protect vulnerable households and strengthen the City’s diverse communities.

Parties affirm their commitment to collaborate in the execution of this Agreement to achieve the shared goal for the term specified. The Parties agree that this Agreement establishes no principles and no precedent and shall not be cited by any party or person for any purpose, in any forum, other than for the purpose of enforcement of the terms of this Agreement itself, as provided herein.

Parties also agree to continue discussions to support the preservation of existing 100% affordable housing units in San Francisco.

100% Affordable Housing Project Definition:

“100% Affordable Housing Project” (or “Project”) shall mean a building where 100% of the residential units (not including a manager's unit):

- (1) have a maximum household income limit set at 120% or less of the unadjusted area median family income (AMI) determined by San Francisco Mayor’s Office of Housing and Community Development on an annual basis and derived, in part, from the U.S. Department of Housing and Urban Development Metro Fair Market Rent Area (HMFA) that contains San Francisco, as adjusted for household size and bedroom count;
- (2) have a maximum affordable rent that shall not exceed 30% of the applicable household income limit for a rental unit, or a maximum affordable purchase price with an annual housing cost that shall not exceed 33% of the applicable income limit for an owner-occupied unit, as each may be adjusted for household size and bedroom count;
- (3) are restricted by the requirements of (1) and (2) above for the life of the Project or a minimum of 55 years, whichever is longer, and be reflected by a recorded document and consistent with any applicable federal, state or local government regulatory requirements; and

(4) where the building includes ancillary commercial space within the building envelope, it is still be considered an 100% Affordable Housing Project for purposes of this Agreement so long as all residential units (other than a manager's unit) meet the requirements of (1), (2), and (3) above.

Terms of Agreement:

- On request of SFPUC, PG&E will provide secondary service based upon the criteria outlined in Section 14.2 of the WDT2 for new 100% Affordable Housing Projects, as defined above, that have submitted complete applications for service during the term of this agreement.
- For purposes of this Agreement, the parties agree that Intervening Facilities for projects shall be defined as follows:
 - The Table and notes from WDT2 Section 14.2.1, attached in Appendix A.
 - For underground secondary: a disconnect switch, a protective device, and secondary conductor (e.g. wire, service entrance conductor, bus bar, bus duct, cable, etc.)
 - For overhead secondary: a disconnect switch, a protective device, a pole and secondary conductor/wire/service drop, which could include the wire between the pole and the service drop.
 - A single device may function as both the disconnect switch and protective device (i.e. a breaker)
- A list of Projects that the Parties agree are currently eligible under this Agreement appears in Appendix B, attached hereto. The Parties agree that there may be additional Projects eligible for treatment under this Agreement in the future and those shall be added to Appendix B.
- Applications for service under this Agreement must include:
 - The requirements of the WDT3 as described in the tariff and checklist, and
 - A letter from the director of the MOHCD certifying that the Project meets all of the requirements of this Agreement as defined above. See Appendix C, which represents a form of certification letter.
- In the absence of PG&E action, an application under this Agreement will be deemed complete where the SFPUC submitted the application at least 45 business days in advance of the end date of this agreement and included with the application the items required for all WDT3 applications, identified above.

- All residential, end-use customers served at eligible Projects (except for a manager's unit) shall be billed under the SFPUC's Low-Income Residential Service Schedule R-2 (or successor tariff) if the customer meets eligibility requirements for that program, and under the appropriate SFPUC rate schedule if not.
- In the event that a Point of Delivery serving a Project intends to increase its load beyond the Contract Demand value stated in its Specifications for Distribution Service, the SFPUC will be required to follow the requirements of Wholesale Distribution Tariff ("WDT") Section 10.4 (or its successor), which requires submission of a new application in advance of exceeding Contract Demand and may require a study.
- Income verification for eligibility of the residential end-use customers (*i.e.*, tenants of 100% Affordable Housing Projects) for the SFPUC low income residential service shall be performed in accordance with City practice.
- This agreement applies only to 100% Affordable Housing Projects (as defined above) on City-owned land or land scheduled to be transferred to City ownership within 1 year of project completion.
- PG&E will serve temporary power for construction under the terms of PG&E's CPUC jurisdictional service for Projects connected under this agreement.
- The term of this Agreement shall be ten years. Parties, by mutual written agreement, may extend the term for up to an additional five years. This Agreement does not limit the rights of either party, nor resolve or settle any issue, in any current or future litigation or alternative dispute resolution process in any court or administrative agency.
- This Agreement requires approval by the San Francisco Public Utilities Commission, San Francisco Board of Supervisors and Federal Energy Regulatory Commission.

Appendix A
Table and Notes from WDT2 Section 14.2.1

Intervening Facilities	Overhead		Underground	
	Primary	Secondary	Primary	Secondary
Disconnect Switch	Required	Required	Required	Required
Protective Device	Required	Required	Required	Required
Pole	Required	Required	Not Required	Not Required
Transformer	Required*	Not Required	Required*	Not Required
Conductor, Wire, or Service Drop**	Required	Required	Required	Required

* A transformer will not be required if 1) the end-use customer requests a service voltage that is the same as the wholesale service voltage or 2) the transformer is a PG&E owned Direct Assignment Facility and the Distribution Customer contributes or contributed to the cost of such facility (typically in the case of a conversion from existing distribution service that is not provided under this Tariff to Distribution Service provided under this Tariff).

** Examples of the type of wire that will be required are as follows:

- Overhead primary service: the wire from 1) the Current Transformer (CT)/Potential Transformer (PT), or the recloser or other protective device, or the disconnect switch to 2) the point of interconnection with the end-use customer.
- Overhead secondary service: the wire between the pole and the weatherhead.
- Underground to underground primary service: 1) the wire from the CT/PTs, the interruptor or other protective device, or the disconnect switch to 2) the point of interconnection with the end-use customer.
- Underground to underground secondary service: the service entrance conductor.

**Appendix B: List of Projects as of 9/23/2021
(Eligible pending receipt of confirming letter in Appendix C)**

Land Disposition	Project Name	Street Number	Street Name	Street Type	Sup. District	Estimated / Actual Construction Start Date	Project Lead Sponsor	Project Units
City	4840 Mission	4840	Mission	St	11	3/15/2021	Bridge	137
City	Balboa Park Upper Yard	2340	San Jose	Ave	11	6/20/2021	Bridge	131
City	180 Jones (Land Dedication Site)	180	Jones	St	6	9/30/2021	TNDC	70
City	78 Haight St (Parcel U)	78	Haight	St	5	10/1/2021	TNDC	63
SFHA	Hunters View Phase III (Blocks 14 & 17)	1151	Fairfax	Ave	10	5/1/2022	John Stewart Co	118
City	1515 South Van Ness	1515	South Van Ness	Ave	9	8/10/2022		150
SFUSD	Shirley Chisholm Village (fmly. FSK)	1351	42nd	Ave	4	2/1/2022	Mid-Pen Housing	134
SFHA	Potrero Block B		Not Assigned		10	2/1/2022	Bridge	157
City	266 4th St (4th and Folsom)	266	4th	St	6	1/15/2022	TNDC	70
City	600 7th St (formerly 801 Brannan)	600	7th	St	6	4/30/2022	Mercy Housing Ca	200
SFHA	Sunnydale Block 3		Sunnydale	Ave	10	7/1/2022	Related California	168
City	Kelsey Civic Center	240	Van Ness	Ave	6	7/1/2022	Mercy Related	109
City	Treasure Island C3.1		Not Assigned		6	7/1/2022	Mercy Housing Ca	138
Private - Tsf to City	921 Howard	921	Howard	St	6		TNDC	205
City	1939 Market St	1939	Market	St	8		Developer TBD	60
SFPUC - MOHCD (City)	Balboa Reservoir Building E		Not Assigned		7		Bridge	123
SFPUC - MOHCD (City)	Balboa Reservoir Building A		Not Assigned		7		Bridge	181
City	Laguna Honda Hospital Continuum of Care	375	Laguna Honda	Bldv	7		Developer TBD	250
City	967 Mission (Land Dedication Site)	967	Mission	St	6		Developer TBD	97
City	Treasure Island E._ - HR360/CHP Site		Not Assigned		6			0
City	725 Harrison St (Land Dedication Site)	725	Harrison	St	6		Developer TBD	120
City	Pier 70 C2A		Not Assigned		10		Developer TBD	100
City	101 Hyde	101	Hyde	St	6		Developer TBD	85
SFHA	Potrero Yard Affordable Housing	2500	Mariposa	St	10		Developer TBD	560
City	160 Freelon St (Land Dedication Site)	160	Freelon	St	6		Developer TBD	90

Land Disposition	Project Name	Street Number	Street Name	Street Type	Sup. District	Estimated / Actual Construction Start Date	Project Lead Sponsor	Project Units
City	772 Pacific Ave	772	Pacific	Ave	3		Developer TBD	50
SFPUC - MOHCD (City)	Balboa Reservoir Building B		Not Assigned		7		Bridge	69
City Air Rights Parcel	88 Bluxome St (Land Dedication Site)	88	Bluxome	St	6		Developer TBD	100
City	730 Stanyan	700-730	Stanyan	St	5		CCDC	120
City	Moscone Garage (Land Dedication Site)	255	3rd	St	6		Developer TBD	0
SFHA - Privately Owned	Hunters View Block 8 - Habitat		Not Assigned		10		Habitat for Humanity	0
Private - Tsf to City	4200 Geary	4200	Geary	Bldv	1		TNDC	98
SF Police Union	2550 Irving	2550	Irving		4		TNDC	98

Appendix C
**Form of Letter Certifying the Project Meets All Requirements for Eligibility to
Receive Primary Service with Low-Side Metering**

(letter from MOHCD director to SFPUC for inclusion in the Application for Service)

Subject: Affordable Housing Project located at [ADDRESS]

Dear [.....],

This letter certifies that the project identified above meets the conditions included in the Agreement to Support 100% Affordable Housing Projects in San Francisco (09.17.21).

I confirm that this project is a 100% Affordable Housing Project.

- 100% of the residential units in this project, excluding a manager's unit, meet the following conditions:
 - maximum purchase price or rent will be set at 120% or less of the unadjusted area median family income (AMI).
 - rent will not exceed 30% of the applicable household income limit for a rental unit, or purchase price with an annual housing cost that will not exceed 33% of the applicable income limit for an owner-occupied unit.
- All residential, end-use customers at the project, excluding a manager's unit, will be charged for electricity under the SFPUC's Low-Income Residential Service Schedule R-2, if the customer meets eligibility requirements for that program.
- The project is located on City-owned land or land scheduled to be transferred to City ownership within 1 year of project completion.

PUBLIC UTILITIES COMMISSION

City and County of San Francisco

RESOLUTION NO. 21-0153

WHEREAS, The San Francisco Public Utilities Commission (“SFPUC”), has been providing electric service to affordable housing projects for decades; and

WHEREAS, In most cases, the SFPUC must obtain wholesale distribution service from Pacific Gas and Electric Company (“PG&E”), pursuant to the terms and conditions of PG&E’s Wholesale Distribution Tariff on file with the Federal Energy Regulatory Commission (“FERC”), because the City does not own the electric distribution grid; and

WHEREAS, In the past, for most affordable housing projects the SFPUC has obtained secondary voltage level service from PG&E; and

WHEREAS, In recent years, PG&E has required these and other projects to connect at primary voltage levels, using large, expensive equipment designed for much larger projects; and

WHEREAS, At many of the affordable housing projects being developed in San Francisco, it is both cost-prohibitive and infeasible due to space constraints to install the equipment necessary to obtain primary voltage electric service; and

WHEREAS, The City and PG&E share a goal of supporting the development of high-quality 100 percent affordable housing in San Francisco and providing its residents with affordable electric service that will help protect vulnerable households and strengthen the City’s diverse communities; and

WHEREAS, PG&E has agreed to provide secondary level wholesale distribution service to SFPUC for certain new 100 percent affordable housing projects that are on City-owned land, subject to certain conditions (“Agreement”); and

WHEREAS, The Agreement will enable the SFPUC to provide cost effective electric service to some new affordable housing projects being developed in the next ten to fifteen years; and

WHEREAS, The Agreement does not obligate the SFPUC to expend any City funds; and

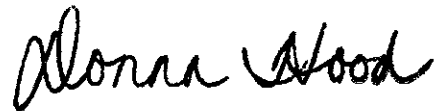
WHEREAS, This action does not constitute a "project" under California Environmental Quality Act (CEQA) Guidelines Section 15378 because the proposed Agreement has no potential to result in any physical change in the environment; and

WHEREAS, This action does not commit the SFPUC to any specific project and any future affordable housing project(s) with a connection under this agreement will be subject to any required environmental review; and

WHEREAS, This Agreement will be submitted to the FERC for approval, if approved by the Board of Supervisors, and will not become effective unless approved by the FERC; now, therefore, be it

RESOLVED, That the Commission authorizes the General Manager to execute the final agreement with Pacific Gas and Electric Company ("PG&E"), for cost-effective distribution service to certain new 100% Affordable Housing projects on City land with a term of 10 years, and an option to extend an additional five years without additional approvals; and authorizes the General Manager to make non-material changes to the agreement that facilitate implementation of the agreement and consistent with its purpose; and authorizes the General Manager to seek Board of Supervisors approval of the agreement.

I hereby certify that the foregoing resolution was adopted by the Public Utilities Commission at its meeting of September 28, 2021

A handwritten signature in black ink, appearing to read "Alonna Wood". The signature is written in a cursive, flowing style.

Secretary, Public Utilities Commission