



September [*], 2015

Public Utilities Commission
of the City and County of San Francisco
Commercial Paper Notes (Power Series), Series [***] (Tax-Exempt)

Fee Agreement

City and County of San Francisco
Public Utilities Commission
525 Golden Gate Avenue, 13th Floor
San Francisco, California 94102
Attention: Chief Financial Officer
& Assistant General Manager, Business Services

Ladies and Gentlemen:

Reference is made to the Reimbursement Agreement, dated as of September [*], 2015 (the "**Agreement**"), between the Public Utilities Commission of the City and County of San Francisco (the "**Commission**") and Bank of America, N.A. (the "**Bank**") relating to the provision by the Bank of a Letter of Credit for the Commission's Commercial Paper Notes (Power Series), Series [***] (Tax-Exempt) (the "**Notes**"). Any capitalized term below that is defined in the Agreement shall have the same meaning when used herein. This letter agreement ("**this Fee Agreement**") is the Fee Agreement described in the Agreement.

In order to induce the Bank to enter into the Agreement and to issue the irrevocable Letter of Credit to provide liquidity for the Notes, the Commission agrees to make the following payments to the Bank at the following times:

(1) A commitment fee (the "**Commitment Fee**") which shall be determined on a daily basis by multiplying (a) the Stated Amount at 5:00 p.m., Eastern time, on each day, by (b) the applicable Commitment Fee Rate (as defined below) in effect for such day, expressed as a decimal, and by (c) a fraction equal to 1/360. As used herein, "**Commitment Fee Rate**" means, initially, 0.35%, provided that in the event that any Rating (as defined below) is downgraded below "A1" by Moody's (in the event Moody's provides a Rating with respect to the long-term unenhanced Bonds), below "A+" by S&P or below "A+" by Fitch to a level included in the grid below, the Commitment Fee Rate shall be equal to the per annum percentage set forth in the grid below, expressed as a decimal, opposite the level that contains the lowest Rating (it being understood that Level 1 contains the highest Ratings and Level 6 contains the lowest Ratings):

[Remainder of page intentionally left blank; pricing grid follows.]

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1:	A1 or above	A+ or above	A+ or above	0.35%
Level 2:	A2	A	A	0.55%
Level 3:	A3	A-	A-	0.75%
Level 4:	Baa1	BBB+	BBB+	0.95%
Level 5:	Baa2	BBB	BBB	1.15%
Level 6:	Baa3 or below	BBB- or below	BBB- or below	2.85%

As used herein, the “**Rating**” means, with respect to a Rating Agency, the lowest long-term, unenhanced rating assigned by such Rating Agency to any Bonds. Notwithstanding the foregoing, (a) in the event that the Rating is withdrawn, suspended or otherwise unavailable from any Rating Agency for credit related reasons and/or (b) upon the occurrence and during the continuance of an Event of Default, the Commitment Fee Rate shall be increased in both cases by 1.50% per annum from the Commitment Fee Rate in effect immediately prior thereto. Any change in the Commitment Fee Rate resulting from a change in the Rating shall be and become effective as of and on the date of the announcement of the change in the Rating. References to the Rating above is a reference to the rating category of the Rating Agencies as presently determined by the respect Rating Agency and in the event of adoption of any new or changed rating system by a Rating Agency, the Ratings from such Rating Agency shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect.

The Commitment Fee shall accrue from and including the Closing Date to and including the Termination Date. The Commitment Fee shall be payable quarterly in arrears on the first Business Day of April, July, October and January of each calendar year (each, a “**Payment Date**”) and on the Termination Date.

(2) In the event the Commission terminates or permanently reduces the Letter of Credit (other than as a result of the refunding of the Notes with Senior Wastewater Bonds or Subordinated Wastewater Bonds that are not enhanced with a credit facility or a liquidity facility or sold in a private placement transaction), whether by replacement or otherwise, prior to the first anniversary of the Closing Date (the “**Anniversary Date**”), the Commission shall pay or cause to be paid to the Bank a non-refundable termination/reduction fee (the “**Termination/Reduction Fee**”) equal to the Commitment Fee that would have been payable to the Bank pursuant to this Fee Agreement but for the termination or permanent reduction of the Letter of Credit for the period from and including the date on which the Letter of Credit is terminated or permanently reduced to and including the Anniversary Date assuming (i) a rate per annum equal to the rate per annum at which the Commitment Fee is calculated immediately prior to the termination or permanent reduction of the Letter of Credit and (ii) a Stated Amount equal to the Stated Amount in effect immediately prior to the termination or permanent reduction of the Letter of Credit; *provided, however*, that if the Letter of Credit is terminated at time when the Bank’s short-term debt rating is below “P1” by Moody’s or below “A-1” by S&P or if the Notes are redeemed, refunded or the rate of interest on the Notes is converted to a fixed rate or another interest mode that does not involve a credit facility or liquidity facility or a direct purchase or loan by a bank or a bank affiliate, then the Commission shall not be required to pay the Termination/Reduction Fee.

(3) A fee of \$250 plus the Bank’s customary wire transfer and courier costs in respect of each drawing made under the Letter of Credit and honored by the Bank, which fee, wire transfer and courier cost shall be earned on the date such drawing is honored by the Bank and, unless paid to the Bank at the time each

Drawing is reimbursed, shall be paid in arrears on the first Payment Date that occurs after the date such drawing is honored by the Bank.

(4) A transfer fee equal to \$3,000 upon each transfer of the Letter of Credit in accordance with its terms. A transfer shall be deemed to have occurred whenever the Issuing and Paying Agent is replaced, substituted or changed as a result of sale, assignment, merger, consolidation, reorganization or an act of law. A transfer shall not be deemed to have occurred solely as a result of a change in the legal name of the Issuing and Paying Agent.

(5) At the time any simple (*i.e.*, non-complex) amendment, modification, waiver, supplement or restatement of, or simple (*i.e.*, non-complex) consent sought in respect of, the Agreement, the Basic Documents and any other documents delivered under the Agreement is sought by any person other than the Bank, a fee of \$3,000 plus attorneys' fees and expenses, which fee shall be earned and payable whether or not any such amendment, modification, waiver, supplement or restatement is executed or consent granted. Fees for complex amendments, modifications, waivers, supplements, restatements or consents shall be negotiated on a case-by-case basis.

(6) Not later than five Business Days following the Closing Date, the fees and expenses of counsel to the Bank in connection with the preparation of this Fee Agreement, the Agreement and the Letter of Credit, which fees shall not exceed \$45,000 and which expenses shall be paid on an as incurred basis.

All amounts paid pursuant to this Fee Agreement shall be non-refundable and payable in immediately available funds. Computations of the Commitment Fee and the Termination/Reduction Fee shall be made on the basis of a 360 day year and actual days elapsed. All amounts paid pursuant to this Fee Agreement shall be paid in the manner and to the account set forth in the Agreement.

This Fee Agreement may not be amended or waived except by an instrument in writing signed by the Bank and the Commission.

The provisions of Section 7.14 of the Agreement shall be incorporated by this reference into this Fee Agreement as if such provisions were set forth in their entirety except that references to "this Agreement" shall mean this Fee Agreement and references to "hereunder" or "hereof" shall mean under this Fee Agreement or of this Fee Agreement.

This Fee Agreement may be executed in any number of counterparts, each of which shall be an original, and all of which, when taken together, shall constitute one agreement. Delivery of an executed signature page of this Fee Agreement by electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

This Fee Agreement is delivered to the Commission on the understanding that neither this Fee Agreement nor any of its terms shall be disclosed, directly or indirectly, to any financial institution other than the Issuing and Paying Agent unless such disclosure is made to such financial institution in accordance with the terms of the California Public Records Act.

[Remainder of page intentionally left blank.]

Please confirm that the foregoing is our mutual understanding by signing and returning to the Bank an executed counterpart of this Fee Agreement. This Fee Agreement shall become effective as of the date first above referenced upon our receipt of an executed counterpart of this Fee Agreement from the Commission.

Very truly yours,

BANK OF AMERICA, N.A.

By: _____
Name: Nancy Nuereberg
Title: Senior Vice President

Accepted and agreed to
as of the date first
written above by:

PUBLIC UTILITIES COMMISSION OF THE
CITY AND COUNTY OF SAN FRANCISCO

By: _____

Name: Harlan L. Kelly, Jr.

Title: General Manager

APPROVED AS TO FORM:

DENNIS J. HERRERA

City Attorney of the City and

County of San Francisco

By: _____

Name: Mark D. Blake

Title: Deputy City Attorney

ACKNOWLEDGED:

Name: Nadia Sesay

Title: Director of Public Finance of the City
and County of San Francisco