



San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

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April 16, 2024

Angela Calvillo
Clerk of the Board of Supervisors
1 Dr. Carlton B. Goodlett Place City Hall, Room 244
San Francisco, CA 94102

Subject: Release of \$2,437,812.23 Reserve for Transmission Lines 7/8 Upgrades

Dear Madam Clerk:

I would like to calendar the release of \$2,437,812.23 in Budget and Finance Committee reserves for the San Francisco Public Utilities Commission (SFPUC) Transmission Lines 7/8 Upgrades Project.

There are hundreds of proposed electric generating projects, called “Clusters”, that seek to interconnect with the electric transmission system controlled by the California Independent System Operator (CAISO). Clusters that impact the grid are required to pay the owner of the affected facilities for mitigation of any impacts. The SFPUC is the owner of the facility affected by projects that seek to connect to the grid; in order for the projects to connect to the grid, the project owners pay SFPUC mitigation payments. The mitigation payments assist SFPUC in upgrading the lines that connect these projects as well as SFPUC’s facilities to the grid.

On January 15, 2013, the Board of Supervisors passed Ordinance 4-13, authorizing the SFPUC to enter into mitigation agreements for projects that impact SFPUC power assets, requiring that any future funds in excess of \$100,000 for a given mitigation agreement be placed on Budget and Finance Committee reserve.

The Transmission Lines 7/8 Upgrades Project is substantially complete with final completion expected by July 2024.

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Dennis J. Herrera
General Manager

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.

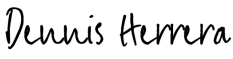


As of February 29, 2024, SFPUC has executed 15 agreements and collected \$29.119 million from developers for mitigation funding. There are currently five mitigation agreements under negotiation. Of the \$29.119 million in signed agreements, the SFPUC has received \$29.119 million in payments with no Letters of Credit being held. On September 23, 2020, the Budget and Finance Committee approved the release of \$9.47 million in mitigation payments and accrued interest to the SFPUC for the Transmission Lines 7/8 Project (File No. 201020); on July 27, 2022 the Budget and Finance committee approved the release of \$12 million in mitigation payments and accrued interest (File No.220807), and on May 24, 2023, the Budget and Finance committee approved the release of \$6.88 million in mitigation payments and accrued interest (File No.230551). The remaining mitigation payments and accrued interest available on reserve total is \$2,437,812.23.

The total estimated cost of the Transmission Lines 7/8 Upgrades project is approximately \$37.97 million. The SFPUC is requesting Budget and Finance Committee approval to release \$2,437,812.23 (including accrued interest) from Budget and Finance Committee reserve, consistent with the available reserve balance for the Transmission Lines 7/8 project.

As additional funds are received from other renewable generation project developers, the SFPUC will return to the Budget and Finance Committee to request funding releases to reimburse capital program (bond) funding.

Sincerely,

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Dennis J. Herrera
General Manager
San Francisco Public Utilities Commission