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[Settlement of proceeding before the California Public Utilities Commission regarding the December 2003 fire at PG&E's Mission Substation and the subsequent outage]

Ordinance authorizing settlement of the proceeding before the California Public Utilities Commission, Investigation 05-03-011, to determine whether PG&E should be found in violation of state law and fined in connection with the December 2003 fire at the Mission Substation and the subsequent outage affecting 100,000 customers in San Francisco.

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

Section 1. The City Attorney is hereby authorized to settle the proceeding before the California Public Utilities Commission (CPUC), Investigation 05-03-011, to determine whether PG&E should be found in violation of state law and fined in connection with the December 2003 fire at the Mission Substation and the subsequent outage affecting 100,000 customers in San Francisco. The terms of the settlement are set forth in the Settlement Agreement (Settlement) among the City and County of San Francisco, the CPUC's Consumer Protection and Safety Division, and PG&E on file with the Clerk of the Board of Supervisors in File No. 051820, which is declared to be part of this ordinance as if fully set forth herein. If approved by the Board of Supervisors, the Settlement will be submitted to the CPUC for approval.

Section 2. The material terms of the Settlement require PG&E to pay \$6.5 million out of shareholder funds, *i.e.*, PG&E cannot recover these expenditures in rates, as follows:

- (a) \$3 million for additional reliability improvements to PG&E's electric system in San Francisco, which includes funding for an independent consultant to assess system reliability in San Francisco;

1 (b) \$1 million in capital expenditures to improve the visual aspects of the Hunters
2 Point substation in San Francisco, which will continue to operate following the demolition of
3 the Hunters Point Power Plant;

4 (c) \$750,000 paid to the City and County of San Francisco to improve the operation
5 of City facilities critical to public safety in the event of future outages;

6 (d) \$750,000 for specialized training and fire equipment for the San Francisco Fire
7 Department (SFFD), the purpose of which is to enhance the ability of SFFD to respond
8 effectively to PG&E-related emergencies.;

9 (e) \$500,000 to the CPUC for the development of a substation inspection program;
10 and

11 (f) \$500,000 to be paid into the State of California's General Fund.

12 Section 3. As part of the Settlement, the City and County of San Francisco will receive
13 a payment from PG&E for \$750,000 to improve the operation of City facilities critical to public
14 safety in the event of future outages. Additional funds for this purpose may be received by the
15 City if excess funds are available from other projects under the settlement, as specified in
16 sections 5 and 6 of the Settlement. The \$750,000 and any additional funds received under
17 the Settlement for this purpose shall be appropriated for use by the San Francisco Public
18 Utilities Commission (SFPUC) to improve the operation of City facilities critical to public safety
19 in the event of future outages. Within six months of PG&E's payment of the \$750,000 to the

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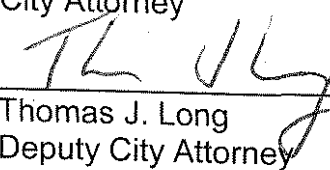
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1 City pursuant to paragraph 7 of the Settlement, the SFPUC shall report to the Board of
2 Supervisors regarding the expenditure of these funds.

3
4 APPROVED AS TO FORM AND
5 RECOMMENDED:

6 DENNIS J. HERRERA
7 City Attorney

8 
9 _____
Thomas J. Long
Deputy City Attorney



City and County of San Francisco

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Tails Ordinance

File Number: 051820

Date Passed:

Ordinance authorizing settlement of the proceeding before the California Public Utilities Commission, Investigation 05-03-011, to determine whether PG&E should be found in violation of state law and fined in connection with the December 2003 fire at the Mission Substation and the subsequent outage affecting 100,000 customers in San Francisco.

January 10, 2006 Board of Supervisors — PASSED, ON FIRST READING


Ayes: 10 - Ammiano, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval
Excused: 1 - Alioto-Pier

January 17, 2006 Board of Supervisors — FINALLY PASSED

Ayes: 10 - Alioto-Pier, Daly, Dufty, Elsbernd, Ma, Maxwell, McGoldrick,
Mirkarimi, Peskin, Sandoval
Excused: 1 - Ammiano

File No. 051820

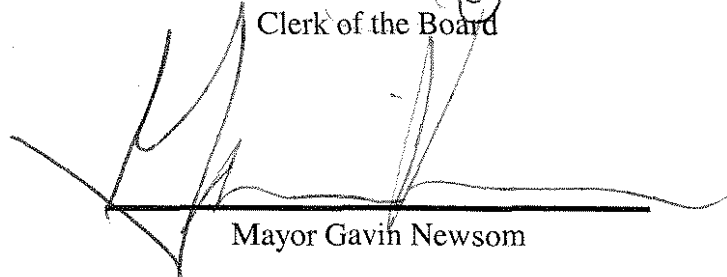
I hereby certify that the foregoing Ordinance
was **FINALLY PASSED** on January 17, 2006
by the Board of Supervisors of the City and
County of San Francisco.



Gloria L. Young
Clerk of the Board

1/20/06

Date Approved



Mayor Gavin Newsom