

From: [Board of Supervisors \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS-Legislative Aides](#)
Cc: [Calvillo, Angela \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [De Asis, Edward \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [BOS Legislation, \(BOS\)](#)
Subject: FW: I waited to speak - hitting *3 numerous times - but ignored - below are my comments - please forward to the entire board
Date: Wednesday, June 14, 2023 9:13:05 AM

Hello,

Please see below for communication from Brian Browne regarding File Nos. 230640 and 230641.

File No. 230640 - Hearing - Committee of the Whole - Retail Water and Wastewater Rates and Capacity Changes for FYE 2024-2026 - San Francisco Public Utilities Commission - June 13, 2023, at 3:00 p.m.

File No. 230641 - Retail Water and Wastewater Rates and Charges for Fiscal Year End 2024-2026

Sincerely,

Joe Adkins
Office of the Clerk of the Board
San Francisco Board of Supervisors
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco, CA 94102
Phone: (415) 554-5184 | Fax: (415) 554-5163
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From: Brian Browne <brian@h2oecon.com>
Sent: Tuesday, June 13, 2023 5:02 PM
To: Board of Supervisors (BOS) <board.of.supervisors@sfgov.org>; Peskin, Aaron (BOS) <aaron.peskin@sfgov.org>; Douglas L Comstock <dougcomz@mac.com>
Subject: I waited to speak - hitting *3 numerous times - but ignored - below are my comments - please forward to the entire board

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Water and wastewater ratemaking is embedded in the state constitution XIII c and d by 1996 statewide Proposition 218. There is no wiggle room. Rates increases must be approved and can only embed reasonable and allowable costs for actual

deliveries. Nothing else. There is no way that the SFPUC could meet the cost criteria of Proposition 218. No way - thanks SFPUC staff for validating. The switch from the utility to the cash method of debt service is a "smart" way to play debt games but it complicates their P218 proof. And proof they must present if taken to court.

The Board is not the only vehicle to stop these rate increases. The court system is also available see the 2015 San Juan Capistrano case.

There is no effective independent oversight for the SFPUC. They highjacked the Revenue Bond Oversight Committee which was designed to comply with Proposition 218 by having truly independent oversight. As a member, I was able to get UCLA and UCB to agree to take a hard look at their ratemaking et al. For a period the RBOC agreed. Then the Chair (Brown) and Vice Chair (Cheng) of the RBOC suddenly made the UCB/UCLA contract disappear - without an explanation or even a thank you for the many hours spent by the academics - and handed the RBOC's contracting over to the Controller. The Controller ignored a letter from a former City Attorney telling him this memorandum of understanding between the RBOC and the Controller was illegal and violated the independent clauses of the RBOC's enabling legislation 2002 Proposition P.

This is a complex story and a true investigation must be initiated. But it must be independent. Please reject their rate increases and ask for unswerving loyalty to the Constitution.

Keep tuned for my writings. Glad I heard the SFPUC staff give Pro 218 fodder. Do these people get paid?

PUBLIC COMMENT WILL BE TAKEN 1 (415) 655-0001 / Meeting ID: 2598 360 6962 # # (Press *3 to enter the speaker line) 41.230640[Hearing - Committee of the Whole - Retail Water and Wastewater Rates and Capacity Changes for FYE 2024-2026 - San Francisco Public Utilities Commission - June 13, 2023, at 3:00 p.m.] Hearing of the Board of Supervisors convening as a Committee of the Whole on June 13, 2023, at 3:00 p.m., to consider consider the retail water and wastewater rates and charges for Fiscal Year End (FYE) 2024-2026 from the San Francisco Public Utilities Commission; and the Board may reject these rates by resolution, pursuant to Charter, Section 8B.125; scheduled by the Clerk of the Board in response to the request by Supervisor Ahsha Safai made on May 31, 2023, pursuant to Charter, Section 8B.125. (Clerk of the Board) Question: Shall this Hearing be HEARD AND FILED? Committee of the Whole Adjourn and Report From the Board 42.230641[Retail Water and Wastewater Rates and Charges for Fiscal Year End 2024-2026] Resolution rejecting the retail water and wastewater rates and charges for Fiscal Year End (FYE) 2024-2026 from the San Francisco Public Utilities Commission, pursuant to Charter, Section 8B.125. (Clerk of the Board) (Pursuant to Charter, Section 8B.125, the Public Utilities Commission shall set rates, fees and other charges in connection with providing utility services, which are subject to rejection by resolution of the Board of Supervisors within 30 days of submission. If the Board fails to act within 30 days, the rates shall become effective. Transmittal Date: May 26, 2023.) Question: Shall this Resolution be ADOPTED

From: [Peter Drekmeier](#)
To: [Board of Supervisors \(BOS\)](#)
Subject: TRT Letter Re- Items 41 & 42
Date: Monday, June 12, 2023 12:11:02 PM
Attachments: [TRT Letter Regarding Items 41 & 42 - SFPUC Rate Increases.pdf](#)

This message is from outside the City email system. Do not open links or attachments from untrusted sources.

Dear Supervisors:

Please see the attached letter regarding Items 41 & 42 on tomorrow's agenda.

Thank you.

-Peter

Peter Drekmeier
Policy Director
Tuolumne River Trust
peter@tuolumne.org
(415) 882-7252



Tuolumne River Trust

June 12, 2023

President Aaron Peskin and Supervisors
SF Board of Supervisors
Via email to bos@sfgov.org

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Bart Westcott
Brad Wurtz

Re: Items 41 & 42 on the June 13 agenda (SFPUC water and wastewater rates).

Dear President Peskin and Supervisors:

Thank you for looking out for San Francisco ratepayers by questioning the very large increase in water and wastewater rates adopted by the SFPUC last month. We encourage you to oppose the rate increases and instead initiate a full independent audit of SFPUC policies and practices that led to the current crisis. Moving forward, we must do everything possible to prevent the situation from getting worse.

The SFPUC has a long history of inflating water supply needs in order to justify their opposition to environmental regulations that would require higher flows in the Tuolumne River – the source of our Hetch Hetchy water. SFPUC policies don't just harm the environment, but also have a huge impact on ratepayers by suggesting the need to invest in very expensive alternative water supplies that will not be needed.

On November 23, 2021, the SFPUC declared a Water Shortage Emergency (WSE). At the time, the SFPUC had enough water stored in reservoirs to last four-and-a-half years. One reason given for declaring the WSE was that it would allow the SFPUC to impose a drought surcharge. In April 2022, the SFPUC adopted a 5% drought surcharge, despite the fact that they never had less than four years-worth of water in storage during the recent drought.

SFPUC rates have increased dramatically since the Water System Improvement Program was approved in 2008. The SFPUC has been catching up on decades of deferred maintenance. While we cannot change bad practices from the past, we can prevent future problems that will impact rates moving forward.

Next month, the SFPUC will complete an Alternative Water Supply Plan to provide a roadmap for developing recycled water and other new supplies to meet future needs. The problem is that the amount of alternative water supplies the SFPUC says it will need is extremely inflated. They claim they will need to develop 92 million gallons per day (mgd) of expensive new supplies to meet demand in the Regional Water System, but an objective look could reduce that figure to as low as zero.

Developing 92 mgd would cost more than \$300 million per year, so it's imperative that decisions be made based on accurate information and reasonable assumptions. The SFPUC has shown no signs of doing so, making oversight from the Board of Supervisors extremely important.

The SFPUC produced the 92 mgd figure for water supply shortfall using their Design Drought planning model. The Design Drought couples the two worst droughts from the 20th century – 1987-92 and 1976/77 – to produce an 8.5-year megadrought. The SFPUC's \$743,000 Long-Term Vulnerability Assessment (LTVA) – a climate change study completed at the end of 2021 – found that the Design Drought is extremely unlikely to occur, yet the SFPUC continues to use it as their primary planning tool.

The LTVA included return periods (likelihood of occurrence) for the known droughts, but inexplicably did not include a return period for the Design Drought. A Public Records Act request uncovered a document revealing that the study authors had produced a return period of once-in-25,000 years for the Design Drought, but this information was not included in the final report. Information that was included in the final report suggests the Design Drought is even more unlikely.

The other way the SFPUC manipulates water supply impacts from potential environmental regulations is by inflating water demand projections. They use figures produced by the SFPUC's Water Enterprise for their Urban Water Management Plans (UWMP), which history has shown to have been highly inflated. The SFPUC's Finance Bureau produces water sales projections that have been much closer to actuals (although still higher), yet they are not used to determine "Water Supply Needs."

An SFPUC report titled "[Water Enterprise and Finance Bureau Water Demand Projections](#)" (July 5, 2022) stated:

The [UWMP] projections represent an outside bound of whatever demand will occur in the next 25 years...These demands will likely always be greater than actual demands because not all developments materialize, or they materialize slower than projected.

And:

By contrast, for the purpose of financial planning and for short term water system management, we estimate the demand that we are likely to experience. For budgeting and rate setting we use demand projections that are as close to actual as we can make them.

The SFPUC Finance Bureau projects water sales will remain flat for at least the next decade, but “Water Supply Needs” used in the Alternative Water Supply Plan are based on UWMP projections, which have historically proven to be inflated by about 25%.

By reducing the length of the Design Drought by one year (it would still be much more conservative than any other water agency’s planning model) and using Finance Bureau water sales projections, “Water Supply Needs” could be reduced to zero, saving more than \$300 million per year. The SFPUC could produce some alternative water supplies in order to feel even more confident that they won’t run out of water, but it would be far less than 92 mgd.

Again, we hope you will oppose the SFPUC water and wastewater rate increases, and instead initiate an independent audit of SFPUC policies and practices. The Tuolumne River Trust would be very interested in participating in this process.

Sincerely,



Peter Drekmeier
Policy Director
peter@tuolumne.org

From: [Board of Supervisors \(BOS\)](#)
To: [BOS-Supervisors](#); [BOS-Legislative Aides](#)
Cc: [Calvillo, Angela \(BOS\)](#); [Somera, Alisa \(BOS\)](#); [Ng, Wilson \(BOS\)](#); [De Asis, Edward \(BOS\)](#); [Mchugh, Eileen \(BOS\)](#); [BOS Legislation, \(BOS\)](#)
Subject: FW: The Board of Supervisors must reject SFPUC rae increase and return for a full and proper analysis
Date: Monday, June 12, 2023 11:36:05 AM

Hello,

Please see below for communication from Brian Browne regarding File No. 230719.

File No. 230719 - Audit of the Public Utilities Commission's Water and Wastewater Enterprises, Rate Setting and Oversight Processes With a Focus on Reducing Rate Increases

Sincerely,

Joe Adkins
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From: Brian Browne <brian@h2oecon.com>
Sent: Saturday, June 10, 2023 11:29 AM
To: Safai, Ahsha (BOS) <ahsha.safai@sfgov.org>; Board of Supervisors (BOS) <board.of.supervisors@sfgov.org>
Subject: Fwd: The Board of Supervisors must reject SFPUC rae increase and return for a full and proper analysis

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I sent this email to my D3 Supervisor Honorable Aaron Peskin. FYI - do not allow this rate increase to go through as is. It must be shown to conform with the California Constitution (XIII c and d). I believe that is impossible in regard to only charging customers only the cost of service for utilities provided. Nothing else. See San Juan Capistrano case 2015. Please read

Brian Browne

----- Forwarded Message -----

Subject: The Board of Supervisors must reject SFPUC rate increase and return for a full and proper analysis

Date:Sat, 10 Jun 2023 10:53:27 -0700

From:Brian Browne <brian@h2oecon.com>

Reply-To:brian@h2oecon.com

To:Aaron.Peskin@sfgov.org <Aaron.Peskin@sfgov.org>, "aaron.peskin\"@earthlink.net, aaron.peskin@earthlink.com

CC:Douglas L Comstock <dougcomz@mac.com>, bodisco <bodisco@sbcglobal.net>, Sean Elsbernd (MYR) <sean.elsbernd@sfgov.org>, Breed, Mayor London (MYR) <MayorLondonBreed@sfgov.org>

Dear President Peskin,

I hope you read this letter.

The Board must reject the San Francisco Public Utilities Commission's (SFPUC) request for a rate increase.

California 1996 Proposition 218 (also Sections XIII c and d of the California Constitution) mandates that municipal-generated fees, such as water rates, must be approved by the voters and strictly limited to specific delivery costs. I kindly request the opportunity to demonstrate, as I have with the SFPUC and as a member of the Revenue Bond Oversight Committee (frequently mentioned in the Westside Observer), that the SFPUC cannot provide evidence of meeting the mandated cost of service requirement as required by our state Constitution. I believe that approving this request may expose the SFPUC and City to a Proposition 218 challenge.

I am available to substantiate my claim. Please consider placing a hold on this rate increase approval and returning the matter for a proper investigation.

Sincerely,

Brian Browne

https://sfbos.org/sites/default/files/bag061323_agenda.pdf