

LEGISLATIVE DIGEST

[Increase of Power Enterprise Commercial Paper Program - Not to Exceed \$250,000,000]

Ordinance authorizing an increase of the principal amount of the Power Enterprise's Commercial Paper Program by \$160,000,000 from a principal amount not to exceed \$90,000,000 to a principal amount not to exceed \$250,000,000 such Commercial Paper Notes to be issued or caused to be issued from time to time by the San Francisco Public Utilities Commission to finance and refinance on an interim basis various capital projects benefitting the Power Enterprise; and ratifying previous actions taken in connection therewith, as defined herein.

Existing Law

Under Article V of the Administrative Code (Administrative Code Section 43.5), certain legislation adopted by the Board of Supervisors, including but not limited to, Resolution No. 427-15, adopted by the Board on November 11, 2015, and signed by the Mayor on November 25, 2015, the Board authorized the establishment of the Commission's Power Enterprise's commercial paper program ("Power CP Program") and the issuance of commercial paper notes in an aggregate principal amount not to exceed \$90,000,000 against long term revenue bond authorizations under Charter sections 9.107(6) and 9.107(8).

Background Information

The Public Utilities Commission ("Commission") has established a commercial paper program for the power enterprise ("Power Enterprise") to provide interim financing for its capital projects to be financed ultimately with through the issuance of long-term revenue bonds. The current program authorizes the Commission to issue from time to time commercial paper in a principal amount up to \$90,000,000. In order to accommodate future increased financing for the power enterprise the Commission desires to increase the maximum outstanding principal amount of commercial paper outstanding at any one time to an amount not to exceed \$250,000,000.

On June 5, 2018, voters approved Proposition A ("Proposition A") to, among other things, grant the power enterprise the same authority to issue revenue bonds and other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board, for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities under the jurisdiction of the power enterprise or for any other lawful purpose of the power facilities of the City in furtherance of the purposes specified in Section 8B.124 of the Charter. Proposition A prohibited the Commission from financing the construction of power plants that generate electricity using fossil fuels or nuclear energy.

Except to the extent the power enterprise issues revenue bonds under 9.107(6) or 9.107(8) of the Charter (the “Charter Authorizations”), the Commission is required to obtain (i) receipt of certification from an independent engineer that (x) the projects to be financed by such debt meet utility standards and (y) estimated net revenue will be sufficient to meet operating, maintenance, debt service coverage and other indenture or resolution requirements; and (ii) receipt of certification from the San Francisco Planning Department that facilities financed with such debt will comply with applicable requirements of the California Environmental Quality Act (collectively, the “Proposition A Certifications”).

This Ordinance would authorize and increase the Power Enterprise’s commercial paper to an aggregate principal amount not to exceed \$250,000,000 from \$90,000,000, pursuant to the Charter Authorization and, subject to receipt of the necessary Proposition A Certifications, in the case of any projects to be financed under Section 8B.124 of the Charter.

n:\financlas2018\1300183\01318760.docx