

BOARD of SUPERVISORS



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## MEMORANDUM

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Date: April 24, 2019

To: Harlan Kelly, Jr., General Manager, San Francisco Public Utilities Commission

From:  Angela Calvillo, Clerk of the Board, Board of Supervisors

Subject: Requesting the San Francisco Public Utilities Commission to Report on Options for Improving Electric Service through Acquisition, Construction or Completion of Public Utility (File No. 190367)

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On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-19, sponsored by Supervisor Hillary Ronen (File No. 190367, Requesting the San Francisco Public Utilities Commission to Report on Options for Improving Electric Service through Acquisition, Construction or Completion of Public Utility); enacted on April 19, 2019.

Please find the attached courtesy copy of the Resolution for the San Francisco Public Utilities Commission's information and consideration.

If you have any questions or concerns, please contact the Office of the Clerk of the Board at (415) 554-5184.

c: Supervisors Ronen, Peskin, and Fewer  
Juliet Ellis, San Francisco Public Utilities Commission  
Donna Hood, San Francisco Public Utilities Commission  
John Scarpulla, San Francisco Public Utilities Commission  
Christopher Whitmore, San Francisco Public Utilities Commission

1 [Requesting the San Francisco Public Utilities Commission to Report on Options for Improving  
2 Electric Service through Acquisition, Construction, or Completion of Public Utility]

3 **Resolution determining that the public interest and necessity require changing the**  
4 **electric service provided in San Francisco; and requesting a report from the San**  
5 **Francisco Public Utilities Commission, under Charter, Section 16.101, on options for**  
6 **improving electric service in San Francisco through acquisition, construction or**  
7 **completion of public utility or utilities.**

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9 WHEREAS, The Board of Supervisors seeks to ensure reliable, safe, affordable, clean  
10 electric service to all customers in San Francisco from a utility that is responsive to the needs  
11 of its customers; and

12 WHEREAS, Pacific Gas & Electric Company's (PG&E) history raises questions about  
13 whether the utility has the ability and commitment to provide such service; recent examples  
14 that cause concern include the following:

- 15  
16 i. PG&E's safety violations in its electric and gas operations have caused  
17 significant suffering, loss of life, and damage to property;
- 18 ii. PG&E's repeated failure to meet the obligations and manage the risks of its  
19 business while remaining financially healthy, as demonstrated by PG&E's  
20 current voluntary bankruptcy, its voluntary bankruptcy in 2001, and the  
21 bankruptcies of several affiliates in 2003;
- 22 iii. PG&E's failure to provide safe and reliable electric service in San Francisco over  
23 many years, including a major power outage in December 1998, three fires at  
24 the Mission Substation between 1996 and 2003, and several incidents of  
25 underground explosions throughout the City;

- 1           iv.   PG&E's primary focus on financial performance and public image and its failure  
2           to develop an effective safety culture, as found in two reports prepared for the  
3           California Public Utilities Commission;
- 4           v.    PG&E's retail rate increases that make its electric service among the most  
5           expensive in the nation, with more increases expected as a result of the  
6           bankruptcy; and
- 7           vi.   PG&E's consistent use of its monopoly status to delay, prevent, and increase  
8           the cost of the wholesale service it is required to provide to the City under a tariff  
9           approved by the Federal Energy Regulatory Commission, resulting in service  
10          delays and increased costs to critical City facilities—including public schools,  
11          affordable housing, health care facilities, streetlights and traffic controls, the  
12          Port, and basic city infrastructure—and the disruption of services provided to the  
13          public; and

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15           WHEREAS, Article XI, Section 9 of the California Constitution grants cities the right to  
16          supply electricity if they choose to do so; and

17           WHEREAS, The City has been operating an electric utility since 1918, and has  
18          considered several times expanding service to all customers in San Francisco, as envisioned  
19          by the Raker Act (Pub. L. No 41, 38 Stat. 242 1913), which granted the City the right to  
20          develop the Hetch Hetchy clean water and hydropower resources for the benefit of the people  
21          of San Francisco; and

22           WHEREAS, For more than 100 years, San Francisco has been producing 100%  
23          greenhouse gas-free electricity to power our essential city services: hospitals, parks, schools,  
24          airport, public housing, and other city properties; and

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1           WHEREAS, In 2016, despite years of opposition funded by PG&E, San Francisco  
2 launched CleanPowerSF, to provide clean renewable energy to residents and businesses,  
3 another incremental step toward energy independence; and

4           WHEREAS, According to climate scientists, we must take immediate steps to make the  
5 difference between catastrophe and a clean new future and cut carbon pollution in half within  
6 11 years; and

7           WHEREAS, The electric power sector is the largest contributor to U.S. global warming  
8 emissions and currently accounts for approximately one-third of the nation's total emissions.  
9 Natural gas, while producing lower emissions than coal or oil when used, nonetheless  
10 generates high levels of air pollution and other environmental impacts through extraction and  
11 production; and

12           WHEREAS, In a January 14, 2019 letter, on file with the Clerk of the Board of  
13 Supervisors in File No. 190367, Mayor Breed asked the San Francisco Public Utilities  
14 Commission (SFPUC) to evaluate in a preliminary report all options for changing how electric  
15 service is provided to ensure a safe, clean and dependable power grid; and

16           WHEREAS, Section 16.101 of the Charter states: "It is the declared purpose and  
17 intention of the people of the City and County, when public interest and necessity demand,  
18 that public utilities shall be gradually acquired and ultimately owned by the City and County.  
19 Whenever the Board of Supervisors, as provided in Sections 9.106, 9.107 and 9.108 of this  
20 Charter, shall determine that the public interest or necessity demands the acquisition,  
21 construction or completion of any public utility or utilities by the City and County, or whenever  
22 the electors shall petition the Board of Supervisors, as provided in Sections 9.110 and 14.101  
23 of this Charter, for the acquisition of any public utility or utilities, the Supervisors must procure  
24 a report from the Public Utilities Commission thereon"; now, therefore, be it  
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1 RESOLVED, That the Board of Supervisors determines that the public interest and  
2 necessity require changing the electric service provided in San Francisco, and these changes  
3 may include the acquisition of PG&E's electrical system serving San Francisco, construction  
4 of new facilities by the City, or completion of the City's own electric system; and, be it

5 FURTHER RESOLVED, That the Board of Supervisors requests a report from the  
6 SFPUC within 45 days of this Resolution to help City policymakers and the public understand  
7 and evaluate the City's options.

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**City and County of San Francisco**  
**Tails**  
**Resolution**

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

**File Number:** 190367

**Date Passed:** April 09, 2019


Resolution determining that the public interest and necessity require changing the electric service provided in San Francisco; and requesting a report from the San Francisco Public Utilities Commission, under Charter, Section 16.101, on options for improving electric service in San Francisco through acquisition, construction or completion of public utility or utilities.

April 09, 2019 Board of Supervisors - ADOPTED

Ayes: 10 - Brown, Fewer, Haney, Mandelman, Peskin, Ronen, Safai, Stefani,  
Walton and Yee  
Absent: 1 - Mar

File No. 190367

I hereby certify that the foregoing  
Resolution was ADOPTED on 4/9/2019 by  
the Board of Supervisors of the City and  
County of San Francisco.

  
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Angela Calvillo  
Clerk of the Board

  
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London N. Breed  
Mayor

  
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Date Approved