

1 [Issuance of Revenue Bonds - Public Utilities Commission - Purchase of Electricity  
2 Distribution and Transmission System - Not to Exceed \$3,065,395,000]

3 **Resolution conditionally authorizing the issuance by the Public Utilities Commission of**  
4 **Power Enterprise Revenue Bonds in an amount not to exceed \$3,065,395,000 to finance**  
5 **the cost of acquiring certain Pacific Gas and Electric Company electric distribution and**  
6 **transmission assets to provide affordable, safe and reliable electric service, consistent**  
7 **with environmental and climate goals, throughout the City and County of San**  
8 **Francisco, subject to specified conditions, as defined herein.**

9  
10 WHEREAS, In a letter dated January 14, 2019, on file with the Clerk of the Board of  
11 Supervisors in File No. 200029, which is hereby declared to be a part of this Resolution as if  
12 set forth fully herein, Mayor London Breed asked the Public Utilities Commission (PUC) to  
13 prepare an analysis of the options for ensuring safe and reliable electricity service within the  
14 City, including the possibility of acquiring the Pacific Gas and Electric's (PG&E) electric  
15 distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

16 WHEREAS, On January 29, 2019, PG&E Corporation and its subsidiary PG&E filed for  
17 bankruptcy due to tens of billions of dollars in liabilities for the devastating wildfires caused by  
18 PG&E equipment in 2017 and 2018; and

19 WHEREAS, On March 14, 2019, Mayor Breed and City Attorney Herrera submitted a  
20 letter to PG&E, on file with the Clerk of the Board of Supervisors in File No. 200029, which is  
21 hereby declared to be a part of this Resolution as if set forth fully herein, notifying it that the  
22 City had commenced work to determine the feasibility of the City's acquisition of the PG&E  
23 Assets; and

24 WHEREAS, On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-19  
25 determining that the public interest and necessity require changing the electric service

1 provided in the City and requesting the PUC to prepare a report on options for improving  
2 electric service in the City through acquisition, construction, or completion of public utilities  
3 pursuant to Charter, Section 16.101; and

4 WHEREAS, Section 16.101 of the Charter states: “It is the declared purpose and  
5 intention of the people of the City and County, when public interest and necessity demand,  
6 that public utilities shall be gradually acquired and ultimately owned by the City and County.”;  
7 and

8 WHEREAS, On May 13, 2019, the PUC submitted a report to Mayor Breed and the  
9 Board (PUC Report), on file with the Clerk of the Board of Supervisors in File No. 200029,  
10 which is hereby declared to be a part of this Resolution as if set forth fully herein, analyzing  
11 three options for power independence, including (1) continued reliance on PG&E for electric  
12 distribution service, (2) targeted investments in electric grid infrastructure to lessen the City’s  
13 reliance on PG&E, and (3) full power independence through acquisition of the PG&E Assets;  
14 and

15 WHEREAS, The PUC Report concluded that acquisition of the PG&E Assets is the  
16 only option that would allow the City to meet its goals for affordable, safe, and reliable service;  
17 protection of the environment and climate goals; transparency and public accountability, and;  
18 workforce development and equity; and

19 WHEREAS, The City has engaged a number of expert consultants to provide analysis  
20 and advice for the acquisition of the PG&E Assets, including in the areas of utility asset  
21 valuation, finance, utility rates, labor, engineering, and operations; and

22 WHEREAS, On September 6, 2019, Mayor Breed and City Attorney Herrera submitted  
23 a non-binding indication of interest (IOI), on file with the Clerk of the Board of Supervisors in  
24 File No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully  
25

1 herein, to PG&E to acquire the PG&E Assets for \$2.5 billion in connection with the PG&E  
2 bankruptcy cases (Proposed Acquisition); and

3 WHEREAS, On September 17, 2019, the Board adopted Resolution No. 403-19  
4 supporting the IOI and urging PG&E to work cooperatively with the City on the Proposed  
5 Acquisition; and

6 WHEREAS, On September 19, 2019, Mayor Breed and City Attorney Herrera  
7 submitted a second letter to PG&E, on file with the Clerk of the Board of Supervisors in File  
8 No. 200029, which is hereby declared to be a part of this Resolution as if set forth fully herein,  
9 to provide additional information on the City's offer and proposing to work with PG&E to  
10 include the City's offer in PG&E's September 9, 2019, bankruptcy plan of reorganization; and

11 WHEREAS, In addition to the purchase price for the Proposed Acquisition, the PUC  
12 anticipates that additional funds will be required for the PUC's transition to ownership and  
13 operation of the PG&E Assets, including but not limited to work to separate the PG&E Assets  
14 from the remainder of the PG&E grid; expanding personnel capacity; acquiring equipment  
15 inventory and software; and establishing operating reserves; and

16 WHEREAS, The City has a long history of working productively with its unionized  
17 workforce, and will work in good faith to transition current PG&E unionized employees to City  
18 employment;

19 WHEREAS, On June 5, 2018, the voters of the City approved Proposition A amending  
20 Charter, Section 8B.124 (Proposition A), which among other things, authorized the PUC to  
21 issue revenue bonds, including notes, commercial paper or other forms of indebtedness,  
22 when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors, for  
23 the purpose of reconstructing, replacing, expanding, repairing or improving water facilities,  
24 clean water facilities, power facilities or combinations of water, clean water and power  
25

1 facilities under the jurisdiction of the PUC, or for any lawful purpose of the water, clean water  
2 or power utilities; and

3 WHEREAS, Pursuant to Charter, Section 8B.124, the Board may approve by ordinance  
4 revenue bond financing for any lawful purpose of the City's power utility and in furtherance of,  
5 among other things, the City's clean energy goals and enhanced safety and reliability for  
6 electric service; and

7 WHEREAS, This action does not constitute a project under California Environmental  
8 Quality Act (CEQA) Guidelines, Section 15378(b)(4), and subsequent action by the Board to  
9 approve any specific activities at a particular location, or the Proposed Acquisition, is  
10 conditioned upon completion of environmental review in compliance with CEQA, the CEQA  
11 Guidelines, Administrative Code, Chapter 31, and Proposition A; now, therefore, be it

12 RESOLVED, That the Board authorizes the PUC to issue Power Enterprise revenue  
13 bonds for the Proposed Acquisition in an amount not to exceed \$3,065,395,000 subject in all  
14 respects to the following conditions, each of which shall be approved by this Board prior to the  
15 issuance of the PUC bonds herein authorized:

16 (1) The City has negotiated a binding agreement or agreements with PG&E for the  
17 acquisition of the PG&E Assets, or is otherwise legally authorized to acquire the PG&E  
18 Assets, with terms and conditions that protect the interests of the City and electricity  
19 customers;

20 (2) The PUC has prepared an analysis of electricity rates and proposed rate  
21 structures, including but not limited to rates for low income customers;

22 (3) The PUC has obtained and delivered to the Board the certifications required  
23 under Charter, Sections 8B.124(a) and (b);

24 (4) The PUC has determined that the Power Enterprise revenue bonds can be  
25 issued on terms and at interest rates that will make the Proposed Acquisition financially

1 feasible, including to the extent available under law by reason of federal income tax  
2 exemption of interest on such Power Enterprise revenue bonds;

3 (5) The PUC has adopted a resolution approving the binding documents required  
4 for acquisition, together with all forms of associated financing documents; and,

5 (6) The Board has adopted an ordinance by a two-thirds vote providing final  
6 authorization to the PUC to issue Power Enterprise revenue bonds for the Proposed  
7 Acquisition in accordance with Charter, Section 8B.124; and, be it

8 FURTHER RESOLVED, That the Board, in approving this Resolution, is not providing  
9 final approval of the issuance of the Power Enterprise revenue bonds or approving the  
10 Proposed Acquisition within the meaning of CEQA; the Board retains absolute discretion to  
11 decide whether to approve the issuance of revenue bonds and to proceed with the Proposed  
12 Acquisition, and the Board will not take any discretionary action committing the City to  
13 approve the Proposed Acquisition until the Board has reviewed and considered any  
14 environmental documentation prepared by the City in compliance with CEQA and adopted  
15 any appropriate findings in compliance with CEQA; and, be it

16 FURTHER RESOLVED, Accordingly, the Board retains discretion to, among other  
17 things, modify the terms of the Proposed Acquisition to mitigate any significant environmental  
18 impacts, require the implementation of specific measures to mitigate any significant  
19 environmental impacts of the Proposed Acquisition, approve or reject the issuance of revenue  
20 bonds for the Proposed Acquisition, and approve or reject the Proposed Acquisition; and, be it

21 FURTHER RESOLVED, This Resolution shall take effect immediately.