



**San Francisco Public Utilities Commission
 Citizens' Advisory Committee
 Power Subcommittee**

MEETING MINUTES

**Tuesday, October 5, 2021
 5:30 p.m. – 7:00 p.m.**

PARTICIPATE VIA BLUEJEANS VIRTUAL CONFERENCE SOFTWARE

Meeting URL

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This meeting is being held by Teleconference Pursuant to the Governor's Executive Order N-29-20 and the Sixteenth Supplement to Mayoral Proclamation Declaring the Existence of a Local Emergency Dated February 25,2020

During the Coronavirus Disease (COVID-19) emergency, the San Francisco Public Utilities Citizens Advisory Committee's (SFPUC CAC) regular meeting room, 525 Golden Gate Ave., 3rd Floor Tuolumne Conference Room, is closed. CAC Members and SFPUC staff will convene CAC meetings remotely by teleconference. Members of the public are encouraged to submit their public comment on agenda items in advance of the teleconference meeting by emailing comments to cac@sfwater.org. Comments submitted no later than 12 PM Tuesday the day of the meeting will be read into the record by SFPUC CAC Staffing Team members during the teleconference meeting and will be treated as a substitute to providing public comment during the meeting. Persons who submit written public comment in advance on an agenda item or items will not be permitted to also provide public comment on the same agenda item(s) during the meeting.

Mission: The Power Subcommittee shall review power generation and transmission system reliability and improvement programs, including but not limited to facilities siting and alternatives energy programs, as well as other relevant plans, programs, and policies ([Admin. Code Article XV, Sections 5.140 - 5.142](#)).

Members

Chair **Moisés García (D9)**
 Steven Kight-Buckley (D3)

Emily Algire (D5)
 Barklee Sanders (D6)

D = District Supervisor appointed, M = Mayor appointed, B = Board President appointed

Staff Liaisons: Mayara Ruski Augusto Sa and Jobanjot Aulakh
 Staff Email for Public Comment: cac@sfwater.org

London N. Breed
 Mayor

Sophie Maxwell
 President

Anson Moran
 Vice President

Tim Paulson
 Commissioner

Ed Harrington
 Commissioner

Newsha Ajami
 Commissioner

Michael Carlin
 Acting
 General Manager

OUR MISSION: To provide our customers with high-quality, efficient and reliable water, power and sewer services in a manner that values environmental and community interests and sustains the resources entrusted to our care.



ORDER OF BUSINESS

1. Call to order and roll call at 5:33pm

Members present at roll call: (4) García, Kight, Algire, Sanders

SFPUC Staff: Yee New (Ma Yee) H Yap, Justin Pine, and Kristina Cordero

2. Approve [March 2, 2021](#) Minutes

Motion was made (Algire) and seconded (Sanders) to approve the March 2, 2021 Minutes.

AYES: (4) García, Kight, Algire, Sanders

NOES: (0)

Public Comment: None

3. Report from the Chair

- Welcome members, staff, and the public
- Public Member Sammy Nabahani has resigned
- Muwekma Ohlone Tribal Land Acknowledgement
- SFPUC Commission Items Related to Power Enterprise
 - [SFPUC Advance Calendar](#)
 - [CPSF Quarterly Update July 2021](#)
- LAFCo Reports [May 2021](#), [July 2021](#) & [September 2021](#)

Public Comment: Joshua Ochoa, who is hoping to be the D7 representative, introduced himself.

4. Public Comment: Members of the public may address the Committee on matters that are within the Committee's jurisdiction and are not on today's agenda

Public Comment: None

5. Presentation and Discussion: [Power Rate Study Status Update](#), Yee Nwe (Ma Yee) H Yap, Principal Revenue/Rates Analyst, Business Services

Presentation

- Agenda
- Rate Study Charter
- 2021 Power Rate Study Overview
- Key Power Rate Study Issues
- Ongoing Rate Study Analysis
- Ongoing Analysis – Customer Profile
- Rate Study Next Steps
- Power Rate Study Timeline
- Rate Fairness Board (RFB)

Discussion

- **Member Sanders** asked if CleanPowerSF currently supplies power to Treasure Island.

Staff Ma Yee replied that they do not. The Hetch Hetchy Power is the side of the power business line that provides energy to parts of Treasure Island, but CleanPowerSF has no Treasure Island presence.

- **Chair García** asked for clarification on the differences between industrial and commercial customers.

Staff Ma Yee replied that the difference is loads. Industrial customers are the largest users of energy.

Staff Pine added that there are additional differences between Hetchy and CleanPowerSF. For CleanPowerSF, industrial customers are the biggest building in San Francisco, and not big factories.

Chair García asked if the Power Enterprise supplies power to about 80% of San Francisco.

Staff Ma Yee replied that she does not know the answer to that. It does sound right in terms of Hetchy Power.

- **Staff Pine** replied that Chair García is correct and that the Power Enterprise serves about 80% of San Francisco when both Hetchy Power and CleanPowerSF are considered.

Chair García asked if the remainder is PG&E and Direct Service.

Staff Pine answered that the remainder is Direct Access.

Staff Cordero commented that the slide that contains numbers of residential, commercial, and industrial customers provides good insight on who SFPUC serves as Hetch Hetchy Power and CleanPowerSF customers. The customer count makes up as a percentage of overall customers for each of the enterprises and then flip to what is the sales distribution. Hetch Hetchy Power and CleanPowerSF together serve 80% of San Francisco. Also, keep in mind when you anchor the overall comprehensive financial analysis that is done and how to recover costs from the customers to ensure that customers are paying their fair share of the overall uses of each of the enterprises.

- **Member Algire** asked if there is any indication yet about what rates are going to look like or what suggested rates are going to look like after the study is concluded. Algire also asked if there are any significant increases or decreases in the residential, commercial, or industrial sectors. And if CleanPowerSF rates are expected to rise in comparison to PG&E rates.

Staff Ma Yee replied that it is too soon to tell. The SFPUC did a CleanPowerSF rates action compared to PG&E recently. Staff Yee thinks that the rates that will come out of the study will be very close to the most recent rate action. Staff then reiterated that it is probably too soon to be certain.

- **Staff Cordero** suggested tracking the meetings of the Rate Fairness Board as the body that will look into the detailed cost of service study, including the trajectory of rates or rate allocation. The rate studies establish a basis for rates for multiple years, but typically four or five

years. The SFPUC adopts budgets on a bi-annual basis. The SFPUC is engaged in this current power rate study to be published in 2022 that will be the basis of four to five years of rates, while also adopting a two-year budget. When budgets are adopted, increases typically occur. As expenditure increases, the rates typically must recover those increases. Staff Cordero then reiterated Staff Ma Yee's statement that it is too early to tell, but the indicators of increase trajectory and the budgetary process are early indicator of trajectory of expenditure increases that rates must recover costs for. SFPUC also adopts a four-year rate package and project expenses out four years, as well as a ten-year financial plan and a ten-year capital plan.

- **Staff Ma Yee** commented that the power rates study is heading towards bases rates on the SFPUC's own cost of service, and not following the movement of the rate changes of PG&E.
- **Chair García** commented that he was able to listen into a Rate Fairness Board meeting a couple weeks ago and it was fascinating. A lot of questions related what is known and the unknowns. Looking at how would municipalization affect rates and a variety of other things as the SFPUC goes into development projects. Also looking at the increased customers at Hunter's Point Shipyard and Treasure Island. Chair García asked if an assessment or analysis of those things exist.

Staff Cordero replied that the naming of the concepts as knowns and unknowns is appropriate. Cordero explained that numbers might not be available, and that there might be a range. Being able to dimension the financial risk around that range and how likely the high end and low end of that range of dollars is, is a risk management strategy. Cordero's team, which is financial planning and rates, looks at multiple years of financial trajectory within financial planning. The team looks at ten years of forecast on revenues and expenses and then they have partners that look at the more immediate terms. The budget team looks at two years of budgets and dollars on revenues and expenses and the capital financing team looks into the long-term capital planning. You can look at the financial picture from those bookends of years and timing and figure out how to dimension risk, risk sharing, and risk mitigation. It is a framework in place that folks in finance that look at financial things from these multiple years of perspectives can then speak the same language around projected revenues and risk that does not materialize or projected expenditures and risks that you are over because of some externalities. This does not answer the Chair's question, but it does explain what the tools and frameworks used are and the general approach to it. The Rate Fairness Board is a good place to learn more about cost recovery and revenue requirements and how costs are allocated to different customers.

- **Chair García** commented that Staff Cordero did answer some of his concerns. García asked what the best way is to get these questions answered outside the rate study.

Staff Cordero replied that she thinks priorities and budgets can be addressed in many ways. The budgetary process is a public process. The SFPUC is engaging with the Commission now on priorities and there will be multiple budget hearings before the budget is adopted. The budget is slated to be adopted by the Commission in February. Budget discussions that focus on various enterprises should happen during January 2022. The SFPUC will also be working on a four-year

rate study for Power and soon there will be a four-year rate study for Water and Wastewater retail rates.

- **Chair García** replied that this was helpful. It is still a learning process for the CAC.
- **Staff Ma Yee** commented that they discuss knowns and unknowns, and one of the big things right now is COVID recovery. Staff reaches out to various experts to figure out what is the projection of the City to recover in this economy and assumptions and projections are based on that. The budget will be presented to Committees and the Commission and those meetings are a good place to engage.
- **Chair García** asked if it would be best if the CAC members forward their questions to staff or to the Rate Fairness Board.

Staff Ma Yee answered that it depends on the question. If it is related to the power rate study, staff can answer those questions. If the desire is to provide input on the rate proposals, it would be best to refer those to the Rate Fairness Board.

Public Comment: None

6. Discussion: Power CAC FY 2021-2022 Priorities, Moisés García, Power CAC Chair

Discussion

- **Chair García** commented that this agenda item is to discuss the members' priorities for this current fiscal year.
- **Member Algire** commented that she has started writing a resolution about purchasing PG&E distribution lines, its impact on clean energy and rates. She is also interested in the impact on PG&E and SFPUC employees. Algire added that she hopes she can bring the resolution to the next Subcommittee meeting.

Member Kight commented that he is interested in what Algire is working on.

Chair García commented that is something the Subcommittee would be interested in. Chair added that it would be great to see those concerns articulated in a resolution, as well as the impact on rates, procurement, and the economy in general.

Member Algire asked if García meant the economy of the City.

Chair García replied affirmatively.

- **Member Algire** commented that other members are welcome to weigh in on what else could be included in the draft resolution.

Chair García commented that Kight can chime in if he would like to work with Algire. If Algire and Kight would like to work on this together, that would be great. It also would not violate the Brown Act if the interactions are limited to the two of them.

Member Kight commented that he is 100% on board.

Chair García commented that there are four members on this Subcommittee, so two members can speak to each other without violating the Brown Act. The Chair also warned the members to avoid having serial meetings.

- **Member Sanders** commented that his priorities are about Treasure Island and investments in the grid. Bob Beck mentioned that they are upgrading transformers and that is the last major upgrade that they are doing. Treasure Island did have three outages recently. The main priority is finding City money/grant money that allows TIDA (Treasure Island Development Authority) to update the infrastructure. TIDA is self-funded as an entity. Treasure Island used to be its own city before it was incorporated into San Francisco. This is the origin of their budgetary restrictions. Essentially, Sanders would like to find funding if it is available or change laws so that Treasure Island has access to SGIP (Self-Generation Incentive Program) grants and SOMAH (Solar on Multifamily Affordable Housing) grants. The way that Treasure Island was incorporated into San Francisco makes it ineligible for that type of funding. There are millions of dollars at the State level that, in Sanders' opinion, should be used for Treasure Island because there are so many outages.
- **Chair García** commented that the SFPUC manages the assets but does not own them yet and is investing in some of those assets. Chair García then asked if his assumption is accurate.

Member Sanders replied that the City, as in TIDA, owns the grid and their subsidiary within the City. TIDA is the one that authorizes the SFPUC to do the upgrades. If TIDA does not have the money or does not want to do the upgrades, then the grid does not get upgraded. In his opinion, the City does own the grid because the City runs TIDA. Essentially, the director of TIDA determines if it gets upgraded as a whole. He is the ultimate decision maker. That puts Treasure Island in an exclusionary position for funding. SFPUC wants to upgrade the grid, but it has to have approval from TIDA to do so.

- **Chair García** asked whether TIDA is currently under what used to be redevelopment, the Community Investment. The question stems from the desire to understand who the target is on these things.

Member Sanders replied that Bob Beck, who is the director of TIDA, is the one who technically makes all decisions. Obviously, there are people under him and there is a Board. If Bob Beck determines that upgrades should be done, TIDA can reach out to the SFPUC and ask them to do those upgrades. The alleged reasons why upgrades do not get done is funding as TIDA has to use their own funding to upgrade the grid and they cannot use ratepayer funds from the SFPUC because technically Treasure Island buys power from Hetch Hetchy, which is part of the City's ownership.

- **Chair García** commented that it is very muddled. It does not necessarily help them find a clear target on how to improve things.

Member Sanders commented that the SFPUC can reach out to Bob Beck directly and state that there is funding to upgrade the grid because the law was changed, or there is a proposition. The CAC can inquire why laws are not changed to make Treasure Island eligible to receive grants. The other way to fund the upgrades is to grant TIDA capital expenditures within the City budget. TIDA was designed in a

way that makes it essentially a separate entity and power structure from the rest of the City. Even if Board of Supervisors District 6 Supervisor Matt Haney directs Bob Beck to upgrade the grid, Beck still does not have to do it because he technically TIDA does not report to any of the government officials within the City.

- **Member Kight** commented that TIDA is such a mess that any progress on that front would be positive.

Member Sanders replied affirmatively.

Chair García commented that this helps illuminate the complexities.

- **Chair García** commented that the next Subcommittee meeting would be December 7th. This meeting could be used for a presentation on municipalization and to bring forward the Resolution that Algire is working on. They can put together a Resolution on Treasure Island issues.

Member Algire replied that December would be good to go over the resolution.

- **Chair García** commented that the goal is to switch the meetings to the first Tuesday of even numbered months to avoid meetings near holidays and elections.

Member Sanders asked whether the meetings are always the first Tuesdays.

Chair García replied affirmatively and asked Sanders if that conflicts with the other meeting he attends.

Member Sanders replied affirmatively. The Treasure Island Citizens' Advisory Board meetings are from 6-8pm and the CAC meets from 5:30-7pm.

Chair García commented that he can check in with Sanders about the meeting time so he can help alleviate that issue. García asked Sanders what his thoughts are on having February be the month to focus on Treasure Island.

Member Sanders replied that would be good because it gives TIDA time to upgrade the transformers, which should be done by then.

- **Member Sanders** commented that he has created a website that explains the Treasure Island situation.

Member Algire commented that she is glad Sanders joined the CAC to illuminate the Treasure Island power issues.

- **Chair García** commented that all CAC members will receive an update on CleanPowerSF at the Full CAC meeting. He has also asked Barbara Hale, the Assistant General Manager of the Power Enterprise, to give an update on the municipalization.
- **Member Algire** commented she appreciated the rates presentation. She asked if Treasure Island has an exemption and if their power comes from Alameda.

Member Sanders replied that Treasure Island does not have an exemption. Ironically, PG&E had planned a power shut off in Treasure Island. He advocated that they already have enough power outages, so PG&E should focus on turning off other grids first. It was strange that Treasure Island was not exempt and was being targeted as one of the first shutoffs coming from that Port in Oakland.

Chair García commented that they have just been lucky to have avoided any PSPS (Public Safety Power Shutoffs). It does not mean that they are not vulnerable. There have been numerous things that happened this past year with wildfires. The whole State lost transmission interconnection lines between Oregon and Northern California due to wildfires.

- **Member Kight** commented that he would love to see how the fires will impact rates and public safety at the SFPUC level.

Chair García replied that they have not been discussing wildfires, but it is an interesting topic to focus on.

- **Member Kight** commented that it would be interesting to know if there are certain mitigation efforts that can be done locally that would help. San Francisco actions can have a ripple effect that would benefit other places.

Chair García replied that he thinks Kight is right. When they were having the potential of PSPSs and they had these disasters with CAISO(California Independent System Operator), the governor was slow to call for conservation efforts. That is something that the CAC can push for.

Public Comment: None

7. Staff report

- Member Ekanem will be presenting the CAC Annual Report to the Commission on October 12, 2021.
- Announcement of new rules regarding teleconference meetings

Public Comment: None

8. Future Agenda Items and Resolutions

- Electrification: San Francisco Climate Action Plan
- Treasure Island Power
- Wildfires and its Impact on Rates and Safety
- Municipalization: Interconnection, FERC Order 568, CCSF Purchase Offer
- Reliability: Climate Change, Wildfires, Public Safety Power Shutoffs
- Electric Rates & Equity
- Power Enterprise Residential & Commercial Power Programs: Heat Pumps, CAP
- California Community Choice Aggregation Residential & Commercial Power Programs
- Redevelopment Projects: Hunter's Point Shipyard & Treasure Island

Adopted Resolutions for Follow Up

- Resolution Recommending that the SFPUC Commission Reverses its Position on the "Not to Exceed Rates" for CleanPowerSF, Move

Forward with this Important Program, and Allow Staff to Move Forward with its Launch [adopted September 16, 2014](#)

Public Comment: None

- 9. Announcements/Comments** The next Power CAC meeting will be on December 7, 2021. Visit www.sfwater.org/cac for confirmation of the next scheduled meeting, agenda and materials.

Public Comment: None

10. Adjournment

Motion was made (Kight) and seconded (Barklee) to adjourn the meeting.

Meeting was adjourned at 6:57pm.

