SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
(Approved February 9, 2016)

SPECIAL MEETING
Friday, January 22, 2016

NOTE DIFFERENT TIME AND LOCATION

10:00 A.M.
525 Golden Gate Avenue, Second Floor
O’Shaughnessy Conference Rooms A, B, and C
San Francisco, CA 94102

Commissioners
Francesca Vietor, President
Anson Moran, Vice President
Ann Moller Caen
Vince Courtney
Ike Kwon

Harlan L. Kelly, Jr.
General Manager

Donna Hood
Secretary

For information, contact the Commission Secretary at 554-3165.
Minutes and other information are available on the SFPUC web site:
www.sfwater.org

Gavel-to-Gavel coverage available at:
http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22
1. Call to Order  
Commissioner Caen called the meeting to order at 10:11 a.m.

2. Roll Call  
Present: Vietor, Caen, Courtney and Kwon  
Excused: Moran

3. Public Hearing and discussion of FY-2016-17 and 2017-18 Operating and Capital Budgets for the San Francisco Public Utilities Commission  
Harlan L. Kelly, Jr., General Manager (GM) provided a brief introduction regarding the budget process and challenges faced. He thanked staff for their work on the budget and introduced Mr. Eric Sandler, CFO, who began the budget presentation.

CFO Sandler stated that finance staff will track specific questions asked and return to the Commission with responses.

CFO Sandler described the overall budget process and reviewed the budget hearing schedule. He introduced Mr. Steve Ritchie, AGM, Water, who discussed the Water Enterprise proposed budget.

A. Water Enterprise Proposed Budget  
i. Water Presentation  
ii. Water Budget Summary  
iii. Water Operating Budget  
iv. Water Ten-Year Capital and Programmatic Plans  
v. Water Financial Plans and Rates  
AGM Ritchie reviewed the Water Enterprise organizational chart and introduced staff. He discussed the Enterprise’s accomplishments; improvements; challenges; priorities (Enterprise-wide, regional, and local). He reviewed water uses of funds (FY 2015-16 to FY 2017-18); Water total budget; and total full-time authorized positions.

President Vietor thanked AGM Ritchie for the presentation. He responded to her question regarding the removal of the pipes at Bay Division Pipeline 1 and 2 Dumbarton Crossing, noting the issue will be coming back to the Commission with further details and thoughts on how to proceed.

AGM Ritchie responded to additional questions from President Vietor regarding Wastewater discharge and implications; Mountain Tunnel small-scale hydro turbine potential; desalination; and improvements to the customer bills.

AGM Ritchie responded to a question from Commissioner Kwon regarding the average life span of pipes.
CFO Sandler provided a summary of the Water Enterprise budget; FTE; and water sources and uses of funds. He discussed the Water Enterprise operating budget.

CFO Sandler discussed the FY 2016-17 through 2025-26 10-Year Capital Plan: Overview summary; changes from prior year plan; Water Enterprise Plan – regional, local, WSIP augmentation; Capital Plan details; and two-year budget request.

CFO Sandler reviewed the Water Enterprise 10-Year Financial Plans and Rates. He discussed key assumptions, historical and projected water sales; combined water and Wastewater retail rates and charges; average monthly bill; and utility affordability as percent of median household income.

CFO Sandler responded to a question from President Vietor regarding affordability, and the affordability model. He replied to additional questions regarding wholesale customer contracts, and the 2009 Supply Agreement.

Ms. Kathy How, AGM Infrastructure, stated there would be a slight delay in the digester project due to problems with the relocation of Central Shops. Commissioner Caen expressed concern with the delay. GM Kelly provided additional information. Brief discussion ensued.

**Public Comment**
- **Ms. Nicole Sandkulla, BAWSCA,** gave a statement on the operation and capital budgets for the Water and Power Enterprises, and Hetch Hetchy Water and Power. She provided a written copy of her comments.

The Commission recessed at 11:42 AM.

Commissioner Courtney was excused from the meeting and departed at 11:42 AM.

The Commission returned from recess at 12:07 PM.

CFO Sandler stated that item B (Power Enterprise proposed budget) and D (CleanPowerSF proposed budget) would be presented together.

**B. Power Enterprise Proposed Budget**
- **i. Power Presentation**
- **ii. Power Budget Summary**
- **iii. Power Operating Budget**
- **iv. Power Ten-Year Capital and Programmatic Plans**
- **v. Power Financial Plans and Rates**

  Ms. Barbara Hale, AGM Power, began her presentation with an overview of the system. She reviewed the Power Enterprise organization and introduced staff. She outlined priorities for Power; noted accomplishments; discussed
six priority strategies developed through the Business Plan; and noted challenges.

AGM Hale reviewed Hetchy Power total use of funds; total budget and full-time authorized positions; CleanPowerSF total use of funds; CleanPowerSF operating and total budget and full-time authorized positions.

AGM Hale responded to a question from President Vietor on purchasing power; new developments; and supply need.

C. Hetch Hetchy Water Proposed Budget
   i. Hetch Hetchy Water Presentation
   ii. Hetch Hetchy Water Budget Summary
   iii. Hetch Hetchy Water Operating Budget
   iv. Hetch Hetchy Water Ten-Year Capital and Programmatic Plans
   v. Hetch Hetchy Water Financial Plans and Rates

AGM Ritchie provided a Hetch Hetchy Water and Power (HHWP) System overview. He reviewed the Water Enterprise organization structure, and introduced Ms. Margaret Hannaford, HHWP Manager. He reviewed HHWP accomplishments; improvements; challenges; and priorities. He discussed Hetchy Water total use of funds; total budget; and full-time authorized positions.

CFO Sandler reviewed the Capital Plan summary and discussed Plan changes from the prior year plan for Power and Water. Brief discussion ensued.

AGM Hale responded to a question from Commission Kwon regarding streetlight replacement and from President Vietor regarding Moccasin Power House operations.

CFO Sandler responded to a question from Commissioner Caen regarding bond finding; 20-year financial plan; and General Fund rate increase.

D. CleanPowerSF Proposed Budget
   i. CleanPowerSF Budget Summary
   ii. CleanPowerSF Operating Budget

CleanPowerSF was discussed with item B – Power Enterprise proposed budget.

4. Consider motion to continue this agenda item to a Special Meeting noticed for Friday, January 29, 2016.
   On Motion to continue the agenda to a Special Meeting noticed for January 29, 2016
   Ayes: Vietor, Caen, Moran and Kwon