SAN FRANCISCO PUBLIC UTILITIES COMMISSION
City and County of San Francisco

Edwin M. Lee
MAYOR

Minutes
Tuesday, November 8, 2016
(Approved December 13, 2016)

1:30 P.M.
1 Dr. Carlton B. Goodlett Place
City Hall, Room 400
San Francisco, CA 94102

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

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
   President Moran called the meeting to order at 1:48 PM.

2. Roll Call
   Present: Moran, Kwon, and Vietor
   Excused: Courtney
   Commissioner Caen arrived at 3:10 PM.

3. Approval of the Minutes of October 25, 2016
   On motion to approve the minutes of October 25, 2016:
   Ayes: Moran, Kwon, and Vietor

   Public Comments:
   No public comment.

4. General Public Comments
   None.

5. Communications
   a) Advance Calendar
   b) Letter Summary
   c) Contract Advertisement Report
   d) 2015 Energy Benchmarking Report
   e) Citizens’ Advisory Committee/Southeast Facility Commission Resolutions
   f) O’Shaughnessy Dam Facilities Reservation Quarterly Report
   g) Street Light Program Update
   h) Water System Improvement Program Status of Construction Change Orders

   Public Comments:
   • Ms. Nicole Sandkulla, BAWSCA, spoke to item 5e, calling attention to the CAC resolution passed on October 18th.

6. Other Commission Business
   None.

7. Report of the General Manager
   a) Drought Update
      Ms. Ellen Levin, Deputy Water Manager, provided a drought update. She noted total system storage (77.6%), and water bank (82.7%). She discussed the status of other California reservoirs; Precipitation; Upcountry 6-station Precipitation Index; Tuolumne River water available to the City; Bay Area 7-station Precipitation Index; and total Deliveries.

      Ms. Levin responded to a question from Vice President (VP) Kwon regarding a possible correlation between El Niño and wet weather.

      No public comment.

   b) Quarterly Audit and Performance Review Report
i. Annual Physical Inventory Counts, FY 2015-16
Ms. Nancy, Hom, Director of Audit and Assurance Controls, provided an update of the 35 quarterly audit and performance reviews in Q1: Five completed; 20 in progress; and 10 upcoming.

She briefly discussed the completed audits and reports issued; outlined those that will be completed in Q2; and noted those that are in progress. She reviewed prior years, open audits, and recommendations.

President Moran thanked Ms. Hom for her work and he complemented the audit program.

No public comment.

c) Water Enterprise Capital Improvement Program (CIP) Quarterly Report
Mr. Dan Wade, Director, Water System Improvement Program (WSIP), presented the Water Enterprise CIP Quarterly Report. He briefly noted report highlights.

d) Water System Improvement Program Quarterly Reports
   i. Local Quarterly Report
   ii. Regional Quarterly Report

Mr. Wade reviewed the WSIP Program status, indicating regional projects are 92.4% complete; local projects are 99.8% complete; and the overall WSIP is 93.1% complete.

He mentioned recent accomplishments and provided an update on the following projects: (1) Alameda Creek Recapture; (2) Calaveras Dam Replacement; (3) Alameda Creek Diversion (including fish passage); (4) Regional Groundwater Storage and Recovery; and (5) Bioregional Habitat Restoration hydro seeding.

No public comment.

The Commission Secretary read Consent Calendar items 8a, b, and d. She stated item 8c was removed from calendar and will be re-scheduled.

8. Consent Calendar
   a) Approve Amendment No. 1 to Agreement No. CS-206, Hetch Hetchy Water and Power Support for Compliance with Regulatory Requirements, with Quantum Spatial, Inc. (Quantum), on the condition that the Controller certifies the pending Novation Agreement, substituting Quantum for the original consultant, Watershed Sciences, Inc., due to their merger; Authorize the General Manager to execute this amendment, with a time extension of one year, for a total agreement duration of six years, four months, with no change to the agreement amount. ([Resolution 16-0231](SFPUC Minutes))

   b) Accept work performed by Ranger Pipelines, Inc., for Contract No. WD-2727, Peninsula Pipelines Seismic Upgrade; Approve Modification No. 12
(Final), decreasing the contract by $44,015, for a total contract amount of $23,853,852, with a time extension of 19 consecutive calendar days, for a total contract duration of 735 consecutive calendar days; and authorize final payment to the contractor. (Resolution 16-0232)

c) Authorize the General Manager to negotiate and execute, on behalf of the City and County of San Francisco, a first amendment to the Memorandum of Understanding with San Mateo County to extend the time for completion of trail improvements in the Peninsula Watershed through December 1, 2017.

d) Acknowledge that staff is beginning the planning and design process for a new proposed Southeast Community Facility at 1550 Evans and the development of an interim Greenhouse grants program that provides environmental land use, urban agriculture, and workforce development opportunities. (Resolution 16-0233)

On motion to approve the Consent Calendar items 8a, b and d:
Ayes: Moran, Kwon, and Vietor

No public comment.

9. Approve the plans and specifications, and award Contract No. WD-2794A, Sunol Long Term Improvements – Sunol Corporation Yard, in the amount of $31,777,000, to the lowest, qualified, responsible, and responsive bidder, S.J. Amoroso Construction Company, Inc. (Resolution 16-0234)

Ms. Kathy How, Assistant General Manager (AGM) Infrastructure, introduced the item. She indicated six bids were received, all over the engineer’s estimate. She stated funding for the additional base bid amount will come from the Sunol Watershed Center funds.

AGM How responded to a question from President Moran as to the reasons for the bids coming in over the engineer’s estimate.

AGM How and GM Kelly responded to a question from Commissioner Vietor as to why the additional funds are coming from the Sunol Watershed Center funds.

Commissioner Vietor requested an update be provided regarding the Watershed Center and the implications of taking funds from the Center for the Sunol Long Term improvements.

On motion to approve item 9:
Ayes: Moran, Kwon, and Vietor

No public comment.

10. Approve the plans and specifications, and award Contract No. WD-2798, San Francisco Westside Recycled Water Pipeline, in the amount of $21,729,720, to the lowest, qualified, responsible and responsive bidder, JMB Construction,
Inc., to construct approximately 7.7 miles of new 8-inch and 16-inch ductile iron pipe; replace approximately 1,510 linear feet of 12-inch Vitrified Clay Pipe sewers; and restore pavement and curb ramps on impacted streets.  
(Resolution 16-0235)

Ms. Kathy How introduced the item and requested approval.

On motion to approve item 10:
Ayes: Moran, Kwon, and Vietor

No public comment.

11. Workshop discussion on the CleanPowerSF Growth Plan, describing the program development experience of other operating Community Choice Aggregation programs, and identifying key factors contributing to that experience.

Ms. Barbara Hale, AGM Power, began with a CleanPowerSF enrollment and rate activity update. She indicated May enrollment has 7,400 active locations, with an opt-out rate 2%; Fall enrollment, which began November 1st and serves Districts 5 and 8, has an opt-out rate of 1.5%, and 927 SuperGreen upgrades. AGM Hale announced there are currently more than 1,000 SuperGreen accounts. She indicated January enrollment stands at 352, with 74% SuperGreen upgrades.

AGM Hale stated the California Public Utilities Commission (CPUC) will be making a determination in December on pending PG&E rate requests. She discussed anticipated implications, noting SFPUC will provide comments to the CPUC on PG&E’s rate request.

AGM Hale responded to a question from Commissioner Vietor as to whether the PCIA adjustment is part of the PG&E rate request and CPUC decision. Brief discussion ensued.

AGM Hale introduced Mr. Michael Hyams, CleanPowerSF Director, who provided a CleanPowerSF Growth Plan Update and CCA Program Comparison.

Mr. Hyams began with a review of the Program’s goals and objectives: (1) Lead with affordable and reliable service; (2) Provide Cleaner Energy Alternatives; and (3) Invest in Local Renewable Projects and Local Jobs. He noted accomplishments for each and discussed the implementation approach.

He reviewed CleanPowerSF Business Practices and Policies: (1) Product Content; (2) Rate Setting; (3) Phasing; (4) Supply Management; and (5) Reserves, highlighting the Phasing Policy.

Mr. Hyams discussed the relative sale of CleanPowerSF revenues, stating the Program is a major initiative, offering service city-wide.

He discussed the goal of the Growth Plan and reviewed six key questions on accelerating pace. He outlined the Growth Plan subject areas: (1) Regulatory;
(2) Customer demand and margins; (3) Supply and markets; (4) Financing needs and options; (5) Operational readiness; and (6) Pro Forma analysis.

Mr. Hyams responded to a question from Commissioner Vietor regarding the $17M Purchase Power Credit.

Mr. Hyams discussed the growth and development of CleanPowerSF and other CCA programs: Lancaster Choice Energy; Peninsula Clean Energy; Sonoma CleanPower; and MCE Clean Energy (CCA Programs).

Mr. Hyams responded to a question from President Moran regarding the energy that will be served by State CCA’s at build-out, and how it relates to the size of PG&E’s service area. Discussion ensued.

Mr. Hyams outlined the rates for default product, and offered a residential rate comparison of CleanPowerSF and other CCA Programs.

Directory Hyams discussed a graph showing 2015-16 operating CCA and PG&E portfolio content (renewable, large hydro, nuclear, natural gas, and unspecified). He discussed PG&E power content projections through 2030.

Commissioner Vietor expressed the desire to move quickly towards the 2030 GHG-Free goal, and to be full renewable, with the understanding there are financial considerations and the need to maintain affordability.

Mr. Hyams discussed CCA build-out and other programs: (1) Net Energy Metering; (2) Electric Vehicle Rate; (3) Feed-In Tariff; (4) Energy Efficiency w/PGC Funds; (5) Demand Response; (6) Balanced Payment Plan; and (7) On-Bill Repayment, with CleanPowerSF and the other CCA Programs.

Mr. Hyams responded to a question from VP Kwon regarding the electric vehicle rate. Brief discussion ensued.

Mr. Hyams reviewed CCA financing and power supply credit received by the CCA’s Programs: (1) Start-up financing; (2) Source of funding; (3) Form of supply contract security; and (4) Supply commitments.

Commissioner Caen arrived at 3:10 PM.

Mr. Hyams concluded with a review of key findings and next steps.

President Moran commented on the District 5 and 8 ad campaign he has seen.

VP Kwon thanked Mr. Hyman and his staff for their hard work.

Public Comments:
- Mr. Eric Brooks, representing multiple organizations, discussed the need to build renewables and efficiency.
• Mr. Jason Fried, LAFCo, expressed the need to go green; revisit program restrictions; consider providing electric vehicle rebates and charging stations; and monitor long-term contract and PCIA. He thanked staff for their work.

Commissioner Vietor suggested the growth plan include site assessment work; resiliency; job opportunity; and address program restrictions.

GM Kelly provided comment and discussed the difficulty with juggling requirements and restrictions.

The Commission Secretary read Closed Session items 14 and 15, stating items 16 through 21 would not be heard.

12. Public Comments on matters to be discussed in Closed Session.
None.

13. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.
On motion to assert:
Ayes: Moran, Kwon, Caen, and Vietor

The Commission entered Closed Session at 3:28 PM.

14. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Unlitigated Claim:
Proposed Settlement of Unlitigated Claim No. 17-00489 brought by Jason Weebang Aw and Selene Chia Aw arising from the Casitas Incident.
(Resolution 16-0236)

15. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Claim:
Ron Martell
City Attorney Claim No: 16-02314/Date Filed: February 25, 2016
(Resolution 16-0237)

16. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)
Existing Litigation:
Pacific Gas & Electric
Federal Energy Regulatory Commission
Tariff Withdrawal per 35.15: Notice of Termination of the 1987 CCSF Interconnection Agreement – PG&E Rate Schedule FERC No. 114 to be effective 6/30/15.
17. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)  
Existing Litigation:  
Pacific Gas & Electric  
Tariff Withdrawal per 35.15: Notice of Termination of The CCSF Facilities Charge Agreement for Moscone to be effective 6/30/15.

Case No.: ER15-702-000/Date Filed: December 23, 2014

18. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)  
Existing Litigation:  
Pacific Gas & Electric  
Federal Energy Regulatory Commission  
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Transmission Owner Tariff Replacement Agreements to be effective 7/1/15

Case No.: ER15-703-000/Date Filed December 23, 2014

19. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)  
Existing Litigation:  
Pacific Gas & Electric  
Federal Energy Regulatory Commission  
§205(d) rate filing per 35.13 (a)(2)(iii): City and County of San Francisco Wholesale Distribution Tariff Replacement Agreements to be effective 7/1/15

Case No.: ER15-705-000/Date Filed: December 23, 2014

20. Conference with Legal Counsel - Pursuant to California Government Code Section 54956.9 (d) (1) and San Francisco Administrative Code Section 67.10 (d) (1)  
Existing Litigation:  
Pacific Gas & Electric  
Federal Energy Regulatory Commission  
Notice of Termination of Facilities Charge Agreements between PG&E and the City and County of San Francisco

Case No.: ER15-704-000/Date Filed: December 23, 2014

21. Threat to Public Services or Facilities – Pursuant to California Government Code Section 54957 and San Francisco Administrative Code Section 67.10 (a)  

The Commission exited Closed Session at 3:47 PM.

22. Announcement following Closed Session
President Moran announced that settlements were reached on items 14 and 15, and that no other action was taken.

23. **Motion regarding whether to disclose the discussions during Closed Session**
   On motion not to disclose:
   Ayes: Moran, Kwon, Caen, and Vietor

24. **Other New Business**
    President Moran announced the cancellation of the November 22, 2016 regular meeting.

25. **Adjournment**
    President Moran adjourned the meeting at 3:48 PM.