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San Francisco
Water Power Sewer
Services of the San Francisco Public Utilities Commission

Annual Comprehensive Financial Report

Fiscal Years Ended
June 30, 2023 and 2022



San Francisco Public Utilities Commission
An Enterprise Department of the City and County of San Francisco, California

The San Francisco Public Utilities Commission

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San Francisco, California

Annual Comprehensive Financial Report For the
Fiscal Years Ended
June 30, 2023 and 2022

Prepared by SFPUC Financial Services

A handwritten signature in blue ink, appearing to read 'Nancy L. Hom', with a large, stylized flourish extending to the left.

Nancy L. Hom
Chief Financial Officer and Assistant General Manager, Business Services

The San Francisco Public Utilities Commission

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The San Francisco Public Utilities Commission
An Enterprise Department of the City and County of San Francisco, California



SAN FRANCISCO PUBLIC UTILITIES COMMISSION
General Manager's Transmittal Letter

January 26, 2024

Dear Customers and Interested Parties,

On behalf of the San Francisco Public Utilities Commission (SFPUC), I am pleased to share our Annual Comprehensive Financial Report for the fiscal years ending June 30, 2023 and 2022.

This report details the SFPUC's work, accomplishments, and financial position from July 1, 2021 to June 30, 2023. It offers insight into how public dollars are spent providing essential water, power, and sewer services 24 hours a day, seven days a week. It also showcases some of the accomplishments our dedicated staff have achieved on behalf of our customers, our communities, and the environment.

As our city and region rebound from the COVID-19 pandemic, we face another longstanding challenge.

Climate change has been a driving factor in our work for some time, and we are addressing it head on. During the past year, California went from a historic drought to one of the wettest winters on record. Unprecedented storms delivered half the average annual rainfall in just a matter of days in San Francisco.

Staff across our agency are committed to effectively managing the challenges that climate change poses to our communities.

Every day, 2.7 million people in the San Francisco Bay Area depend on water we supply. Through a growing portfolio of power resources, including a new standalone battery-storage project in the Bay Area, we now serve about 75% of the electricity demand in San Francisco. We are making generational upgrades to our Southeast Treatment Plant, the workhorse of our combined sewer system, while also delivering other major improvements across that system to enhance seismic safety and climate resiliency.

We are proud to provide reliable services and value to our customers by optimizing the operations, maintenance, and improvement of all our assets. Our approach is strategic, long-term, and focused on cost effectiveness.

We have a robust asset management plan in place, while also continually testing innovative approaches to maximize effectiveness and public investments. Nowhere is the financial health of our agency more evident than when one looks at the improvements we make to our complex infrastructure to ensure the long-term reliability of those vital public assets.

We are also tackling affordability challenges head on. Working to make utility services more affordable for communities that have faced systemic barriers is central to our work.

With a proven track record as a leader in customer affordability, this year we expanded our Customer Assistance Program to provide additional help to disadvantage communities and those struggling to pay their bills on time. Additionally, we successfully advocated for the extension of the State's arrearage relief program for customer water and wastewater utility debts accrued during the COVID-19 pandemic. This fiscal year the SFPUC secured millions of

London N. Breed
Mayor

Tim Paulson
President

Anthony Rivera
Vice President

Newsha K. Ajami
Commissioner

Sophie Maxwell
Commissioner

Kate H. Stacy
Commissioner

Dennis J. Herrera
General Manager



dollars for customers who accrued pandemic water, sewer and power utility debts. We are committed to helping those who need it the most. That's part of what it means to be a utility of the future.

Finally, this year's report highlights not just our financial health and fiscal responsibility, but underscores our commitment to environmental stewardship and the value of our diverse partnerships.

Even during times of adversity, the SFPUC team has continued to deliver. That will not change.

This Annual Comprehensive Financial Report has been prepared by the SFPUC's Financial Service Bureau in accordance with the requirements set by the Governmental Accounting Standards Board (GASB). The information provided in this report is based on a comprehensive system of internal processes, and as required, our financial statements were audited by a firm of independent certified accountants. The SFPUC's management is responsible for the data and information provided, and believes the report is accurate in all respects.

The SFPUC's auditors MGO, LLC have issued an unmodified (clean) audit of our agency's financial statements for the period July 1, 2022 through June 30, 2023. This audit provides accountability and transparency of the SFPUC's financial activities, while reflecting the ethical manner in which our agency operates. A copy of this independent audit can be found in the financial section of this report.

We thank the Mayor, Board of Supervisors, and our Commissioners for their continued support of our efforts, achievements, and approach to innovation.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "D.J. Herrera". The signature is fluid and cursive, with a long horizontal stroke at the end.

Dennis J. Herrera
General Manager
San Francisco Public Utilities Commission

The Reporting Entity - Profile of the San Francisco Public Utilities Commission

The **San Francisco Public Utilities Commission (SFPUC)**, an enterprise department of the City and County of San Francisco (the City), is responsible for the operation, maintenance, and development of three utility enterprises: Water, Wastewater, and Hetch Hetchy Water and Power and CleanPowerSF. We provide wholesale and retail drinking water to the San Francisco Bay Area, wastewater collection and treatment within San Francisco and three neighboring municipalities, and power to residential and commercial customers and municipal facilities.

Our Business Services, External Affairs, and Infrastructure bureaus provide support and administrative services and are funded through utility rates and charges.

The **Water Enterprise** operates the Hetch Hetchy Regional Water System (System), a wholesale and retail drinking water supply system that serves 2.7 million customers in Alameda, Santa Clara, San Mateo, and San Francisco counties. The upcountry portion of the System begins with Hetch Hetchy Reservoir in Yosemite National Park. Impounded by O’Shaughnessy Dam, Hetch Hetchy Reservoir water passes through hydroelectric powerhouses before it enters the San Joaquin Pipelines, the Tesla Ultraviolet Treatment Facility, and the Coast Range Tunnel on its journey to the Bay Area.

Enterprises	Funds
Water	Water
Wastewater	Wastewater
Hetch Hetchy	Hetchy Water
	Hetchy Power
	CleanPowerSF

The Bay Area portion of the System includes water collection, treatment, and transmission facilities from the Alameda East Portal to the wholesale service area and terminal reservoirs in San Francisco. Water storage facilities include watersheds, dams, and reservoirs such as our Calaveras, San Antonio, Crystal Springs, Pilarcitos, and San Andreas. The water treatment facilities are Tesla Ultraviolet Treatment Facility, disinfecting the Hetch Hetchy supply; Sunol Valley Water Treatment Plant, treating the water from the Calaveras and San Antonio supply as well as the stored Hetch Hetchy supply; and Harry Tracy Water Treatment Plant, treating the water from the Crystal Springs and San Andreas supply. The water transmission system in the Bay Area and Peninsula includes the Bay Division, San Andreas, Sunset Supply, and Crystal Springs pipelines. The Bay Area transmission system also includes Irvington Tunnel 1 and Tunnel 2, the Bay Tunnel, and the Crystal Springs Bypass Tunnel.

The Water Enterprise also manages water distribution in the City and the majority of the drinking water is supplied by our system, originates as snowmelt within the 459-square-mile Hetch Hetchy Watershed on the upper Tuolumne River within Yosemite National Park. This high-quality water is transported 167 miles across California solely by gravity. The Hetch Hetchy water supply is augmented with precipitation collected in the reservoirs of the Alameda Creek Watershed in Alameda County, and the Peninsula Watershed in San Mateo County. The Regional Groundwater Storage and Recovery Project, currently under construction, will provide additional dry year water supply to the System for drought management.

Water Enterprise revenue is based on retail and wholesale water rate payments from customers. Retail rates are set by the SFPUC, while wholesale rates are set by the Commission pursuant to our Water Supply Agreement with our wholesale customers.

The **Wastewater Enterprise** is responsible for the operation and maintenance of San Francisco’s combined sewer system that collects, treats, and discharges once treated, sanitary sewage (toilet flushing, bathroom and kitchen sinks, showers) and stormwater runoff (rainwater falling on our roofs, sidewalks and streets within San Francisco, parts of Daly City, the Bayshore Sanitary District, Brisbane, Treasure Island, and Yerba Buena Island. This work is crucial for the protection of public health, and for the environmental safety of the San Francisco Bay and Pacific Ocean. Our combined sewer system is unique to coastal California and offers significant environmental benefits because it captures and treats both stormwater (rain runoff) and sanitary sewage from homes and businesses, and these combined flows are referred to as wastewater.

San Francisco wastewater and stormwater flows are treated at three facilities: the Southeast Treatment Plant, the Oceanside Treatment Plant, and the North Point Wet Weather Facility, the last of which is operated only in wet weather. The sewer system currently can handle up to an average of 70 million gallons per day (MGD) in dry weather and can treat up to 575 MGD in wet weather. The Wastewater Enterprise operates pump stations, discharge points, and the massive underground transport/storage structures around the City that have storage capacity up to 200 million gallons.

We operate, clean, inspect, and maintain more than 1,000 miles of sewer pipes. We regularly monitor areas of the San Francisco shoreline for water quality where water recreation is common and provide water quality reports to the public using our 24-hour hotline, website, and e-newsletters.

The Wastewater Enterprise serves both residential and commercial accounts as well as some municipal customers. Our sewer facilities and resource recovery programs have received recognition from agencies at the state and national level, including the U.S. Environmental Protection Agency, National Association of Clean Water Agencies, and the California Water Environment Association.

In a combined sewer system, such as San Francisco's, managing stormwater is an important priority for the SFPUC and the City. We take a comprehensive approach to managing stormwater and advancing flood resilience across the City. Although no sewer system can handle the heaviest rains, we are pursuing a variety of approaches to improve the City's flood resilience in the face of increasingly intense rainstorms. The comprehensive RainReadySF Program, which is a combination of planned infrastructure improvements, coordinated City services and innovative programs, provides residents and businesses with the resources they need to reduce the risk of flooding during a major rainstorm.

The **Hetch Hetchy Water and Power and CleanPowerSF Enterprise (Hetch Hetchy)** comprises of three key components:

- (1) Hetch Hetchy Water (Hetchy Water), which operates and maintains the upcountry water and power facilities;
- (2) Hetch Hetchy Power (Hetchy Power), responsible for all power utility wholesale and retail transactions and in-City power operations; and
- (3) CleanPowerSF, a Community Choice Aggregation (CCA) that provides San Francisco residents and businesses with electricity supply services sourced from new and existing clean energy sources.

Hetchy Water is responsible for operating the Hetch Hetchy Reservoir, the main source of water for the Hetch Hetchy Regional Water System (System) and plays a key role in water delivery in California. Several of the Hetch Hetchy Water facilities are joint assets and are used for both water transmission and power generation and transmission. Operating and capital costs of these facilities are allocated 45% to Hetchy Water and 55% to Hetchy Power. Refer to Water Enterprise for more information on the System.

Hetchy Power is the publicly owned utility for San Francisco. The Hetchy Power System is comprised of transmission lines and some local distribution facilities. It has a generation portfolio that includes three major hydroelectric powerhouses – Holm, Kirkwood, and Moccasin – in the Sierra Nevada mountain range and 23 solar arrays in San Francisco. Hetchy Power revenue is based on retail and wholesale power-rate payments and charges collected from customers. Retail rates are set by the Commission.

Hetchy Power customers include San Francisco International Airport (SFO), libraries, police stations, City Hall, San Francisco Municipal Transportation Agency (SFMTA), San Francisco Port Authority, Treasure Island, Hunter's Point Shipyard, and the Transbay Transit Center. Hetchy Power also owns, operates, and maintains approximately 60% of the streetlights in the City. Finally, Hetchy Power provides electrical maintenance services, energy efficiency programs, and distributed generation services to our customers.

CleanPowerSF, San Francisco's CCA program, provides clean electricity supply to residents and businesses in San Francisco. Under this program, CleanPowerSF supplies customers with electricity from renewable sources like solar wind, and hydro power. Pacific Gas & Electric Company (PG&E) delivers the energy via their electrical grid. CleanPowerSF's Green product features at least 50% California Renewable Portfolio Standard (RPS) certified renewable energy, and its SuperGreen product offers 100% California RPS-certified renewable energy.

CleanPowerSF serves more than 380,000 customer accounts in San Francisco. Collectively, Hetch Hetchy Power and CleanPowerSF meet more than 70% of the electricity demand in San Francisco with clean power.

Mission, Vision, and Values

The mission of the San Francisco Public Utilities Commission (SFPUC or the Commission) is to provide our customers with high-quality, efficient, and reliable water, power, and wastewater services in a manner that is inclusive of environmental and community interests, and sustains the resources entrusted to the SFPUC's care.

SFPUC values sustainability as a fundamental business principle, exemplified through the adoption of an agency-wide strategic sustainability plan to ingrain the values of a sustainable future into our agency's core processes. The SFPUC is a sustainable utility leader, recognized for superior levels in service, value, environmental stewardship and innovation. Most importantly we value our workforce and community as reflected in the core values adopted by our organization.

- **Communication:** Listen and communicate honestly and openly.
- **Diversity:** Valuing a workforce that reflects all manner of views, experiences, backgrounds, and talents, and recognize it is vital to the SFPUC success.
- **Equal Opportunity:** Provide opportunities to all staff to contribute and reach their potential. To achieve this, the SFPUC must be a learning organization.
- **Excellence:** Strive for personal and professional excellence, and recognize exemplary performance by seeking continuous improvement.
- **Inclusiveness:** Provide access and transparency to stakeholders and community members.
- **Respect:** Understand and appreciate the inherent value of the SFPUC's staff, customers, and community.
- **Safety:** Take the health and safety of the SFPUC's employees, customers, and communities seriously.
- **Service:** Focus on customer satisfaction, health, and safety.
- **Stewardship:** Responsibly manage the resources entrusted to the SFPUC's care.
- **Teamwork:** Support a cooperative work environment; the SFPUC team is strengthened by the diversity and contributions of its members.
- **Trust:** Act with honesty, integrity, and fairness.

Fiscal Year 2023
San Francisco Mayor and Public Utilities Commission Members



London N. Breed
Mayor



Newsha K. Ajami
President



Sophie Maxwell
Vice President



Tim Paulson
Commissioner

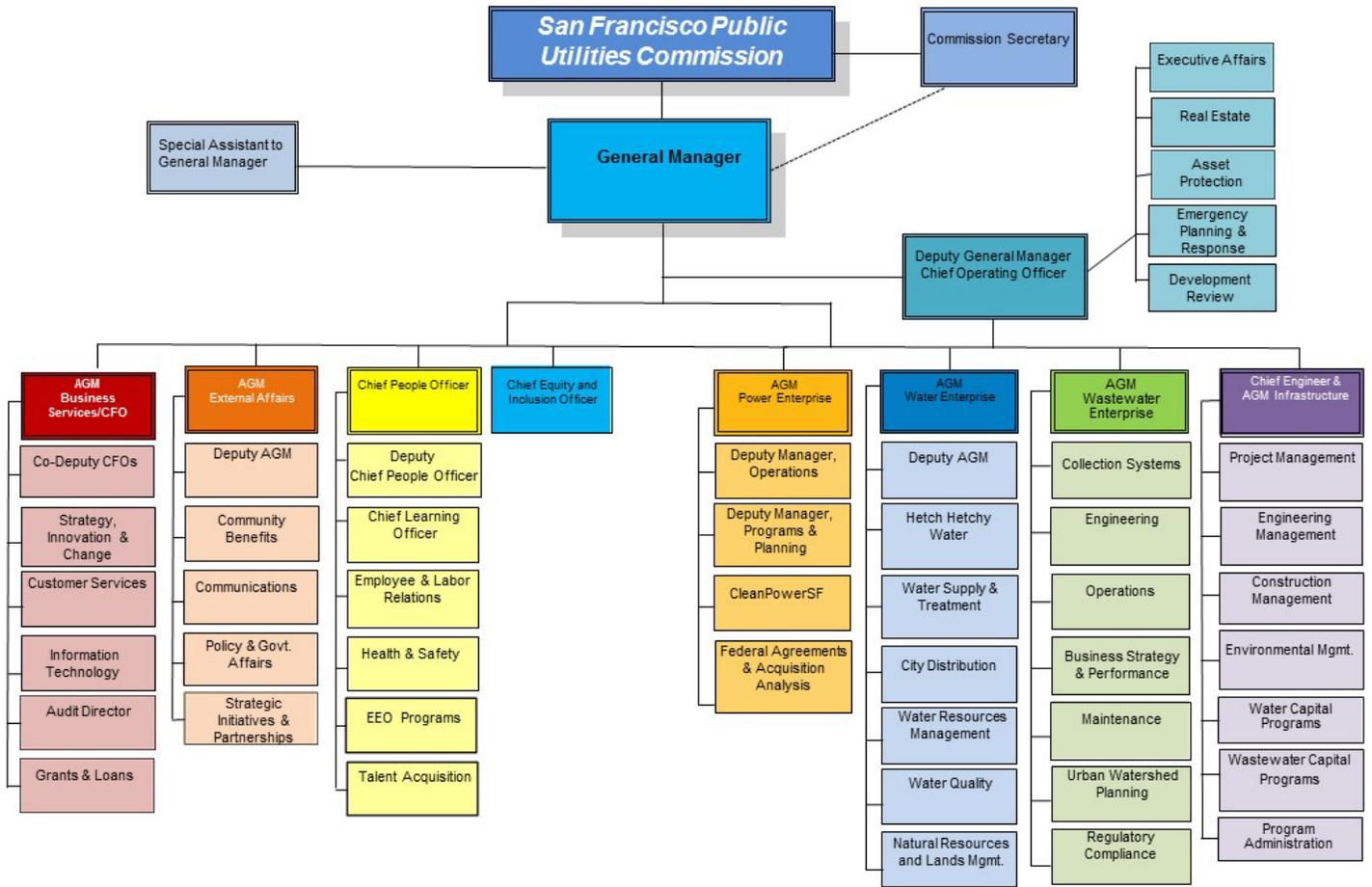


Anthony Rivera
Commissioner



Kate H. Stacy
Commissioner

Organizational Chart as of June 2023



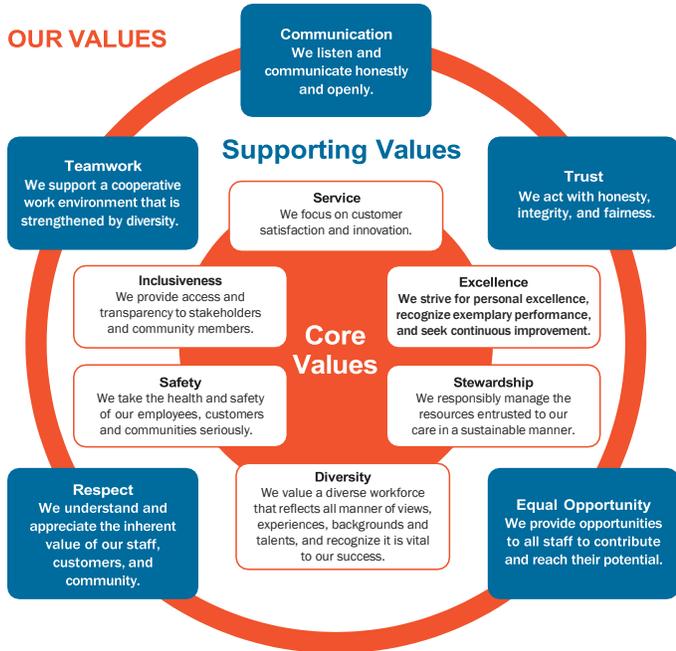
Note: AGM is Assistant General Manager, the person who leads an Enterprise or Bureau.

The Agency Strategic Plan is a high-level and future-oriented plan. The purpose is to better align the work of the Water, Wastewater and Hetch Hetchy Enterprises, set a strategic direction and identify key priorities.

The Agency Strategic Plan outlines the mission, vision and values and sets forth 6 priority goals and supporting objectives.

The goals are as follows:

- Reliable service and assets;
- Organizational excellence;
- Effective workforce;
- Financial sustainability;
- Stakeholder and community interest; and
- Environmental stewardship

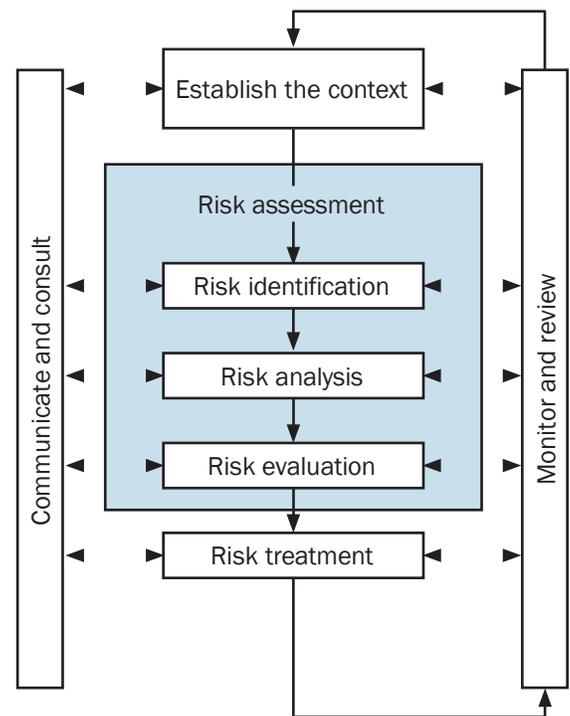


Each Goal has one or more Executive Champions who have worked across the Enterprises, Infrastructure, and the Bureaus to develop performance measures including target and baseline metrics. There is a Lead Strategist for each of the six goal area who will carry the vision of their respective goal area will report biannually to the Goal Champions on progress of achieving the performance measures consistent with the target/baseline. At the end of the fiscal year, each Goal Champion is required to report performance measured against the target/baseline. More details of the 2020 SFPUC Strategic plan are available at <https://sfpuc.org/about-us/policies-plans/agency-strategic-plan> and the Performance Measures in the Operating Information section of this report.

Enterprise Risk Management Framework

The SFPUC helps ensure successful implementation of our Mission, Vision, and Values by integrating the principles of Enterprise Risk Management (ERM) into organizational culture and strategic decision making. In planning for our future, the ERM framework promotes a culture where risks are identified, assessed, prioritized, and managed to minimize threats hindering us from achieving our goals; and to maximize opportunities benefiting the SFPUC. Accountability and transparency are promoted through assignment of identified risks to owners, and routine reporting of mitigation status to senior management. The ERM framework is a continuous process that strengthens organizational structure and culture through communication and awareness. The Risk Management division provides support to the SFPUC’s journey from a traditional risk management approach towards enterprise risk management – emphasizing effective management of the total cost of risk and management of risk for better outcomes.

In fiscal years 2015 and 2016 respectively, the Power Enterprise adopted and implemented the ISO 31000 standard for Enterprise Risk Management for the Hetchy Power and CleanPowerSF program. The program enables systematic and proactive identification and analysis of risks that threaten business



objectives before they occur. Proper identification of risks to business objectives ensures mitigation measures can be implemented to reduce the probability of certain risks occurring or reducing negative impact. Other prior applications of ERM at the SFPUC include supporting the Strategic Plan, the Business Services Bureau, Emergency Planning and Security, and other specific PUC programs.

The SFPUC also utilizes other risk tools as part of a comprehensive risk management approach. This includes the SFPUC Purchased Insurance Program, a portfolio of insurance policies acquired to mitigate various liability risks to mission critical assets, operational and financial. Other risk management activities include contractual risk review, project specific risk assessments and advisement for the Infrastructure Project Management Bureau and Contract Management Bureau for construction, professional and general service contracts. SFPUC Risk Management also collaborates with the Office of the Administrator's City Risk Management for citywide risk management initiatives.

Risk Categories

Strategic

Trends in Economy & Society

- Stakeholders' interests
- Public support/ Ratepayer fatigue
- Competing expectations
- Economic uncertainty
- Long-term planning vs. budget limitations
- Negative media coverage
- Image and reputation

Financial

Effect of Market Forces on Financial Assets or Liabilities

- Bond rating
- Debt obligations
- Financial reporting
- Cash flow/availability
- Energy costs
- Rate fatigue

Operational

People, Processes & Systems or Controls

- HR and personnel risks
- Operations disruption (e.g. construction, utilities failure, procurement)
- IT data / infrastructure compromise
- Process / execution failure
- Environmental
- Aging infrastructure

Legal/ Regulatory

Effect of Change in Laws and Regulations

- Regulatory non-compliance with EPA, WECC/NERC, GASB, OSHA, government policy
- Compliance with the WSA and WRR
- Punitive damages, law suits

Insurable Hazards

Loss Exposures: Property, Liability or Personnel

Our property insurance policy covers select Mission Critical Power Assets for all risks (e.g. fire, flood up to \$1M, terrorism, etc.) excluding specific catastrophic perils (e.g. earthquake, tsunami, war, etc.).

We have not purchased Business Interruption insurance as the property insurance 'extra expense' clause serves a similar purpose.

- Construction
- Worker injury/illness
- Third-party liability
- Physical structure damage
- Public Officials' liability
- Employment liability

Overall, the SFPUC's ERM initiatives are designed to reduce the chances of a negative outcome from occurring, lessen its impact, or transfer financial liabilities away from the organization. These initiatives can also increase opportunities and maximize the benefit from taking advantage of positive outcomes. A combination of these strategies will help lower the total cost of risk for the SFPUC and achieve both short and long-term benefits to our ratepayers.

San Francisco's Budget Process

The budget cycle for the biennial July 1 fiscal year budget begins in August and typically ends in July. The two-year fixed budget is prepared, reviewed, enacted by the Board of Supervisors, signed by the Mayor, and implemented by departments and adjusted as necessary during this period. The Board of Supervisors does not adopt a new budget for the second fiscal year of the cycle unless there are significant increases or decreases in revenues or expenditures which then reopen the budget to follow the usual budget process.

The SFPUC's two-year budget is comprised of two, single-year spending plans, which supports the ongoing mission of the SFPUC to provide its customers with high-quality, efficient, and reliable water, wastewater, and power services in a manner that is inclusive of environmental and community interests, and that sustains the resources entrusted to our care. The budget is a detailed operating plan that identifies estimated costs and results in relation to estimated revenues and represents a process through which policy decisions are deliberated, implemented, and controlled. The budget aligns funding to accomplish our long-term strategic goals and objectives, ensures funding for our operating programs, and purposefully supports the Strategic Plan targeted outcomes to ensure the appropriate application of resources to reach our goals.

Budgeting Basis

The City adopts budgets for all government funds on a budget basis relying on a current financial resources measurement focus and a modified accrual basis of accounting. The modified accrual method is a basis of accounting used with a current financial resources measurement focus. It modifies the accrual basis of accounting in two significant ways: first, revenues are only recognized when they are measurable and available; second, expenditures are recognized in the period in which the SFPUC normally liquidates the related liability rather than when the liability is first incurred, if earlier. The City Charter prohibits expending funds for which there is no legal appropriation.

Accounting Basis

The accounts of the SFPUC Enterprises are organized by proprietary fund type, specifically an enterprise fund. The activities of the Enterprises are accounted for with a separate set of self-balancing accounts that comprise the Enterprises' assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses. Enterprise funds account for activities that (1) are financed with debt secured solely by a pledge of the net revenues from fees and charges of the activity; or (2) are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (3) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs.

The financial activities of each Enterprise and the year-end audited financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with its operations are included on the Statement of Net Position; revenues are recorded when earned, and expenses recorded when liabilities are incurred. The SFPUC Enterprises apply all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Fiscal Year 2024 Operating Budgets

The SFPUC annual budgets, including debt service and cash-funded capital, as well as operating programs total \$1.69 billion and \$1.65 billion for fiscal years 2024 and 2023, respectively. The operating programs include regular operating costs, maintenance of utility facilities and lands, as well as support services, like management, business services, planning, regulatory compliance, communication, and planned debt service for each of the Enterprise. The budget includes a forecast of volumetric utility assumptions which incorporate the significant negative impact due to the COVID-19 pandemic and assumptions around drought impacts on revenues. The operating budget is financed by both wholesale and retail rates, service charges and non-operating revenues, including rental income and interest earnings. Of the SFPUC fiscal year 2024 \$1.69 billion operating budget, the Water Enterprise accounts for \$675.1 million to fund the operations and maintenance of the SFPUC water system; Wastewater Enterprise's operating budget of \$431.7 million funds the operations and maintenance of the SFPUC's sewer system. Hetch Hetchy Water and Power's operating budget of \$303.9 million funds the operations and maintenance of the upcountry water and power systems, including Power Enterprise

activities within the City. CleanPowerSF's operating budget of \$280.3 million funds the operations and power purchases. Detailed budget information is available on our website <https://sfpuc.org/about-us/reports/operating-and-capital-budgets>.

Fiscal Year 2024 Capital Budgets

Our capital programs are intended to reconstruct, replace, expand, repair, or improve facilities that are under the SFPUC's jurisdiction. The capital budgets are coordinated with the Ten-Year Capital Plan and the Ten-Year Financial Plan. The issuance of revenue bonds, other forms of indebtedness, and the execution of governmental loans are provided under the San Francisco City Charter to finance our capital programs. The repayment of this indebtedness is provided through rates and service charge revenues of the SFPUC that incurs the debt and benefits from the underlying capital improvements. The budget appropriations for capital programs are coordinated with the SFPUC's Ten-Year Capital Financial Plans. The SFPUC develops stand-alone supplemental appropriations for our capital program which are coordinated with our operating budget review and approval cycle.

Total approved fiscal year 2024 capital budgets were \$1.5 billion, including \$389.7 million for the Water Enterprise, \$953.1 million for the Wastewater Enterprise, \$184.5 million for Hetch Hetchy Water and Power Enterprise and \$2.2 million for CleanPowerSF.

The major capital investment for the Water Enterprise includes the Water Treatment Program, which is to provide major improvements to the Sunol and Millbrae Yards such as the Sunol Valley Water Treatment Plant Ozone project. The Water Transmission Program is to provide upgrades to the transmission system including inspections and repairs, valve replacements and pump station and vault upgrades. The Regional Water Supply and Storage Program includes upgrades to structures to meet State Division of Safety of Dams requirements, and projects to increase regional water supply diversification and explore alternative methods for expanding water sources. The Water Conveyance/Distribution System Program includes funding to install, replace and renew distribution system pipelines and service connection for over 1,000 miles of drinking water mains in San Francisco. Local Buildings and Grounds Improvements includes the new City Distribution Division (CDD) headquarter at 2000 Marin.

The Wastewater Enterprise's major capital investment from the Sewer System Improvement Program (SSIP) includes the Treatment Facilities Programs, including improvements to the combined sewer transport storage and near shore combined sewer discharge structures and liquid treatments at various treatment sites. Another major SSIP project is the Stormwater Management/Flood Control Program, includes work on drainage basins, flood resilience and green infrastructure storm management program. The Collection System from the Renewal and Replacement Program (R&R) includes cleaning and inspection of large diameter sewers, transport/storage boxes and collection system discharge/ overflow structures, planned and emergency repairs and replacement of structurally inadequate sewers.

The Hetch Hetchy Water and Power's major capital investment includes the Distribution Services projects, Water infrastructure program and Joint projects. The Distribution Services projects include the San Francisco Airport (SFO) Substation Improvements to plan, design, and construct needed upgrades at the substations, the Alice Griffith/Candlestick Point for the second phase of development to install the conductors in the conduits, transformers, switches, and metering equipment required for the electric distribution system. Water Infrastructure program include concept, development, design, and upgrades for operating, managing, and maintaining the Hetchy Water Infrastructure. Joint Projects between Hetchy Water and Hetchy Power includes upgrade communication system within the Moccasin compound, upgrade the dams and reservoirs to meet the Water Levels of Service and Power Operational Objectives, inspection, and repair to the mountain tunnel to assure reliability of water delivery.

The CleanPowerSF major capital investment includes the development of new renewable energy (solar photovoltaic) and battery storage projects on select SFPUC sites as well as development and implementation of new customer programs project for programs supporting demand response, electric mobility, local renewable energy generation, and building decarbonization technologies.

Ten-Year Financial Plan

The SFPUC prepares an annual updated Ten-Year Financial Plan as required by the City and County of San Francisco Charter Section 8B.123. The Ten-Year Financial Plan is a summary of projected revenues, expenditures, fund balances, and financial ratios for each enterprise over a rolling 10-year period. The Financial Plan projections are based on current Mayor and Commission policies, goals, and objectives. For the Financial Plan fiscal year 2024, these projections also include assumptions based on sales volumes rebound from the pandemic for fiscal year 2024 and impact of the drought by fiscal year 2026. A key objective is to promote SFPUC's Strategic Plan goal of Financial Sustainability by estimating future revenue requirements and financial ratios while providing a view of resulting rates changes. Consolidating these key financial indicators into the Financial Plan serves to inform the SFPUC's long-term planning decisions, such as the biennial operating and capital budgets, long-range capital planning and capital financing strategies.

Ten-Year Capital Plan

The SFPUC prepares an annual updated Ten-Year Capital Plan as required by the City and County of San Francisco Charter Section 3.20. The Capital Plan is to contain a list of projects to be executed during the 10-year planning horizon, including cost estimates and schedules. Both Ten-Year Financial Plan and Capital Plan, serve as a basis and supporting documentation for the Commission's capital budget and issuance of revenue bonds and other indebtedness to support the SFPUC capital program.

The SFPUC Ten-Year Capital Plan for fiscal years 2024 through 2033 totals \$8.8 billion, represents an 11% reduction in total from last fiscal year's proposed expenditures of \$9.9 billion. This significant reductions shows the many hard choices SFPUC made as an agency to constrain capital spendings, to keep the rath growth affordable in the long term. Water Enterprise is approximately \$2.2 billion, including projects for the Local Water Conveyance, Regional and Local Buildings and Grounds Improvements, Regional Water Supply and Storage and Regional Water Treatment and Transmission Programs. Wastewater Enterprise is approximately \$4.9 billion which mainly includes, Stormwater Management/Flood Resilience, and the Renewal and Replacement (R&R) program projects like Large and Small Diameter Sewer Improvements and Treatment Plant Improvements. Hetchy Water and Hetchy Power's is approximately \$1.6 billion is to fund up-county water/power projects like capital improvements on the San Joaquin Pipelines and Mountain Tunnel and power distribution services projects like SFO, Alice Griffith, Candlestick Park and Hunters Point. CleanPowerSF is approximately \$73 million to fund the development of new renewable energy (solar photovoltaic) and battery storage projects.

Financial Transparency, Reporting and Auditing Process

This report was prepared by SFPUC Financial Services in conformance with the principles and standards for financial reporting set forth by the GASB and U.S. Generally Accepted Accounting Principles (GAAP). Recommended guidelines by the Government Finance Officers Association of the United States and Canada were also followed.

The SFPUC's management is responsible for both the accuracy of the data presented and the completeness and fairness of its presentation, including all disclosures. The existing comprehensive structure on internal controls in the City and SFPUC ensures that the financial statements are free of any material misstatements. This report is accurate in all material respects, and it is presented in a manner designed to set forth fairly the financial position and the results of operations of the SFPUC. The included disclosures enable the reader to gain a thorough understanding of the SFPUC's financial activities.

The SFPUC's financial statements have been audited by MGO LLP, an independent registered public accounting firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the SFPUC for the fiscal years ended June 30, 2023 and 2022 are fairly presented in conformity with GAAP and are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. The independent auditors rendered an unmodified "clean" opinion on the SFPUC's financial statements for the fiscal year ended June 30, 2023 since 2008. The independent auditors' report is presented as the first component of the financial section of this report. Management's Discussion and Analysis (MDA) is presented after the independent auditors' report, and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MDA and should be read in conjunction with it.

Financial Authority and Policies

The City is a Charter City under the California Constitution, and as a result, the Charter is the guiding document for financial authority and policies for City departments. The SFPUC is the department responsible for the maintenance, operation, and development of three utility enterprises: the Water Enterprise, the Wastewater Enterprise, and Hetch Hetchy Water and Power and CleanPowerSF. Each of the SFPUC's enterprise funds is operated and managed as a separate financial entity and separate enterprise entity. The SFPUC's financial policies, adopted and updated such as fund balance reserve and debt service coverage requirements are available on our website <https://sfpuc.org/about-us/policies-plans/financial-plans-and-policies>. The purpose and source for each of the designated reserves within its major funds of operating, capital projects, debt service, and trust are included in these guidelines which enable restricting funds for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating reserves to mitigate unexpected occurrences. These reserves are critical to the SFPUC's financial strength and high bond ratings. Further, the City has a long-standing practice of recognizing and reserving for known and anticipated liabilities. The City also has established an irrevocable trust for other post-employment benefits (also known as retiree medical) and continues to make the annual requirement contribution to ensure this future obligation is funded.

Accounting Systems, Policies, and Internal Controls

In developing and maintaining the accounting systems, consideration is given by the administration as to the adequacy of internal controls. Internal controls are designed to provide reasonable, but not absolute, assurance. The SFPUC's management is responsible for establishing and maintaining a system of internal controls designed to safeguard the enterprises' assets from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with GAAP. For the fiscal year ended June 30, 2023, the independent auditors noted no matters involving internal controls over financial reporting that would be considered a material weakness for Water, Wastewater and Hetch Hetchy Water and Power and CleanPowerSF.

The SFPUC's Finance Services Bureau is responsible for providing comprehensive financial services for the utility enterprises and bureaus, including support for financial accounting and reporting, accounts payable, billing and collection of water, wastewater, and power charges, and other revenues. The SFPUC's financial statements and records are maintained on an enterprise basis using the accrual method of accounting to ensure the timely matching of revenues against the costs of providing services. Revenues and expenses are recorded in the period in which the revenues are earned, and the expenses are incurred.

Achievement Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the SFPUC for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 14th consecutive year that the SFPUC has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government or reporting entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City and County of San Francisco
Public Utilities Commission
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

Financial Section

Independent Auditors' Report

Management's Discussion and Analysis (Unaudited)

Basic Financial Statements

Statements of Net Position – Proprietary Funds

Statements of Revenues, Expenses, and Changes in Net Position –
Proprietary Funds

Statements of Cash Flows – Proprietary Funds

Notes to Basic Financial Statements

Required Supplementary Information (Unaudited)

Schedules of the Proportionate Share of the Net Pension (Asset)/Liability

Schedules of Employer Contributions – Pension Plan

Schedules of Changes in Total Pension Liability and Related Ratios –
Replacement Benefits Plan

Schedules of Changes in Other Post-employment Benefits Liability
and related Ratios - Other Post-employment Healthcare Benefits Plan

Schedules of Employer Contributions – Other Post-employment
Healthcare Benefits Plan

Supplementary Information (Proprietary Funds)

Schedule of Changes in Net Position – Dollar and Percentage Change
vs. Prior Year

Schedule of Changes in Revenues, Expenses, and Net Position –
Dollar and Percentage Change vs. Prior Year

Independent Auditors' Report on Internal Control over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

The San Francisco Public Utilities Commission
An Enterprise Department of the City and County of San Francisco, California

Independent Auditor’s Report

The San Francisco Public Utilities Commission, the
Honorable Mayor, and the Board of Supervisors of
City and County of San Francisco, California

Opinions

We have audited the financial statements of the business-type activities and each major fund of the San Francisco Public Utilities Commission (SFPUC), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the SFPUC’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and each major fund of the SFPUC as of June 30, 2023, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the SFPUC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matters

As discussed in Note 1, the financial statements of the SFPUC are intended to present the financial position, the changes in financial position, and, where applicable, cash flows of only that portion of the business-type activities and each major fund of the City and County of San Francisco, California (City) that is attributable to the transactions of the SFPUC. They do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

As discussed in Note 2 to the financial statements, effective July 1, 2021, the SFPUC adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Other Matter

The financial statements of the SFPUC as of and for the year ended June 30, 2022, were audited by another auditor, who expressed an unmodified opinion on those statements on February 28, 2023.

Responsibilities of Management for the Financial Statements

The SFPUC's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the SFPUC'S internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedules of the Proportionate Share of the Net Pension (Asset)/Liability, Schedules of Employer Contributions – Pension Plan, Schedules of Changes in Total Pension Liability and Related Ratios – Replacement Benefits Plan, Schedules of Changes in Other Post-employment Benefits Liability and Related Ratios – Other Post-employment Healthcare Benefits Plan, and Schedules of Employer Contributions – Other Post-employment Healthcare Benefit Plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SFPUC’s basic financial statements. The Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year and Schedule of Changes in Revenues, Expenses, and Net Position – Dollar and Percentage Change vs. Prior Year are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, these schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 on our consideration of the SFPUC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the SFPUC’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SFPUC’s internal control over financial reporting and compliance.



Walnut Creek, California
January 26, 2024

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

This section presents management's analysis of the San Francisco Public Utilities Commission's (SFPUC or the Commission) financial condition and activities as of and for the fiscal years ended June 30, 2023 and 2022. Management's Discussion and Analysis (MDA) is intended to serve as an introduction to SFPUC's financial statements. This information should be read in conjunction with the audited financial statements that follow this section. All dollar amounts, unless otherwise noted, are expressed in thousands of dollars.

The information in this MDA is presented under the following headings:

- Organization and Business
- Overview of the Financial Statements
- Fund Financial Statements
- Financial Analysis
- Capital Assets
- Debt Administration
- Rates and Charges
- Request for Information

Organization and Business

The SFPUC is a department of the City and County of San Francisco (the City) that is responsible for the maintenance, operation, and development of three utility enterprises and five funds. The three utility enterprises include Water, Wastewater, and Hetch Hetchy (Hetchy Water, Hetchy Power and CleanPowerSF).

Water Enterprise

The Water Enterprise collects, transmits, treats, and distributes high quality drinking water to a total population of approximately 2.7 million people, including retail customers in the City and wholesale customers located in San Mateo, Santa Clara, and Alameda Counties. The Water Enterprise sold approximately 170 million gallons of water per day in the year ended June 30, 2023. Approximately 69% of the water delivered by the Water Enterprise is to wholesale customers. Retail customers use the remaining 31% and are primarily San Francisco consumers, including residential, commercial, industrial, and governmental users. Wholesale customers include cities, water districts, one private utility, and one non-profit university. Service to these customers is provided pursuant to the 25-year Amended and Restated Water Supply Agreement (WSA), commenced on July 1, 2009, which established the basis for determining the costs of wholesale service.

Wastewater Enterprise

The primary responsibility of the Wastewater Enterprise is to protect the public health and the surrounding bay and ocean receiving waters by collecting, transmitting, treating, and discharging storm and sanitary flows generated in the service area. This includes 1,131 miles of combined, sanitary, and storm collection system pipes including: gravity mains, force mains, culverts, transport storage boxes, and tunnels. San Francisco is the only coastal city in California with a combined sewer system that collects both wastewater and stormwater in the same network of pipes and provides treatment to remove harmful pollutants before discharging into the San Francisco Bay and Pacific Ocean. In addition, the Wastewater Enterprise serves on a contractual basis certain municipal customers located outside of the City limits, including the North San Mateo County Sanitation District No. 3, Bayshore Sanitary District, and the City of Brisbane. The Wastewater Enterprise recovers costs of service through user fees based on the volume and strength of sanitary flow. As of June 30, 2023, the Wastewater Enterprise serves 148,598 residential accounts, which discharge about 15.4 million units of sanitary flow per year (measured in hundreds of cubic feet, or ccf) and 27,082 non-residential accounts, which discharge about 5.6 million ccf per year. These reflected an increase of 0.3 million discharge units in non-residential accounts due to an increase of 292 accounts and a decrease of 0.3 million discharge units in residential accounts compared to prior year.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Hetchy Water

For efficiency and to streamline the coordination of upcountry water and power operations, Hetchy Water operates upcountry and joint-asset facilities, managing resources in an environmentally responsible manner to a high standard of safety and reliability while meeting regulatory requirements. It is responsible for operating the Hetch Hetchy Reservoir, the main source of water for the Hetch Hetchy system. Hetchy Water operates, maintains, and improves water and power facilities, smaller dams and reservoirs, water transmission systems, power generation facilities, and power transmission assets, including transmission lines to the Newark substation. Hetchy Water delivers high-quality water from upcountry downhill to the Bay Area while optimizing the resulting generation of clean hydropower as water is transported through the system. It maintains land and properties consistent with public health and neighborhood concerns.

Hetchy Power

The core business of Hetchy Power, as a municipal department, is to provide adequate and reliable supplies of electric power to meet the electricity needs of City and County of San Francisco's customers, and to offer, when available, power for the municipal loads and agricultural pumping demands consistent with prescribed contractual obligations and federal law. Hetchy Power's portfolio consists of hydroelectric generation, onsite solar at SFPUC and other City facilities, generation using bio-methane produced at SFPUC wastewater treatment facilities, and third-party purchases. Consistent with its commitment to the development of cleaner and greener power, and to address environmental concerns and community objectives, Hetchy Power continues to evaluate and expand its existing resource base to include additional renewables, distributed generation, demand management, and energy efficiency programs. As part of its mission and core functions, Hetchy Power provides reliable energy services at reasonable cost to customers, with attention to environmental effects and community concerns.

Hetch Hetchy Joint

A portion of Hetch Hetchy's operating budget, capital program, and assets, provides benefit to both Hetchy Power and Hetchy Water. This is commonly referred to as joint costs and joint assets. Both operating and capital costs that jointly benefit both funds are allocated 55% to Hetchy Power and 45% to Hetchy Water, as has historically been done by the SFPUC.

CleanPowerSF

In May 2016, SFPUC launched CleanPowerSF, a Community Choice Aggregation (CCA) program, made possible by the 2002 passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation since May 2016. The core business is to provide greener electricity generation to residential and commercial consumers that are retail distribution customers of Pacific Gas and Electric Company (PG&E) in San Francisco. The SFPUC intends CleanPowerSF to be financially independent, with ability to set rates and charges with adequate revenues, and to issue debt to support its operations and future projects. CleanPowerSF is discretely presented as a fund of the Enterprise starting fiscal year 2017.

Through CleanPowerSF, SFPUC seeks to achieve several complementary goals, including affordable and competitive electricity generation rates, a diverse electricity resource portfolio that is comprised of renewable and other clean sources of supply, and high-quality customer service. The program serves more than 380,000 customer accounts and provides San Francisco with an electricity supply from its default "Green" product that is at least 50% California State Renewables Portfolio Standard (RPS)-eligible. Additionally, CleanPowerSF offers "SuperGreen", a 100% RPS-eligible electricity supply, that is available to customers for a small additional cost. On June 1, 2022, CleanPowerSF opened enrollment for its "SuperGreen Saver" product, which provides eligible low-income ratepayers residing in neighborhoods that meet the State of California's criteria as Disadvantaged Communities with 100% RPS-eligible electricity at a 20% bill discount.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Overview of the Financial Statements

The Department's financial statements include the following:

Statements of Net Position present information on the Department's assets, deferred outflows, liabilities, and deferred inflows as of year-end, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or worsening.

While the *Statements of Net Position* provide information about the nature and amount of resources and obligations at year-end, the *Statements of Revenues, Expenses, and Changes in Net Position* present the results of the Department's operations over the course of the fiscal year and information as to how the net position changed during the year. These statements can be used as an indicator of the extent to which the Department has successfully recovered its costs through user fees and other charges. All changes in net position are reported during the period in which the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in these statements from some items that will result in cash flows in future fiscal periods, such as delayed collection of operating revenues and the expenses of employee earned but unused vacation leave.

The *Statements of Cash Flows* present changes in cash and cash equivalents resulting from operational, capital financing, non-capital financing, and investing activities. These statements summarize the annual flow of cash receipts and cash payments, without consideration of the timing of the event giving rise to the obligation or receipt, and exclude non-cash accounting measures of depreciation or amortization of assets.

The *Notes to Financial Statements* provide information that is essential to a full understanding of the financial statements that is not presented on the face of the financial statements.

Fund Financial Statements

The Department has five funds: Water, Wastewater, Hetchy Water, Hetchy Power, and CleanPowerSF.

Financial Analysis

Financial Highlights for Fiscal Year 2023

Department-wide Business Type Activities

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$3,001,386.
- Total assets exceeded total liabilities by \$2,853,266.
- Net position increased by \$177,611 or 6.3% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$748,978 or 7.2% to \$11,199,666.
- Operating revenues increased by \$216,058 or 15.2% to \$1,638,504.
- Operating expenses increased by \$128,265 or 11.4% to \$1,257,946.

Water

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$692,073.
- Total assets exceeded total liabilities by \$565,858.
- Net position increased by \$58,646 or 9.3% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$30,720 or 0.5% to \$5,648,314.
- Current and other assets decreased by \$99,623 or 12.5% mainly due to bond principal and interest payments, capital project expenses, and payments for salaries.
- Operating revenues increased by \$117,974 or 20.6% to \$691,091.
- Operating expenses increased by \$58,489 or 14.6% to \$460,253.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Wastewater

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$1,398,834.
- Total assets exceeded total liabilities by \$1,385,856.
- Net position increased by \$36,167 or 2.7% during the year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$638,201 or 15.8% to \$4,684,652.
- Operating revenues decreased by \$4,946 or 1.3% to \$363,936.
- Operating expenses increased by \$4,192 or 1.6% to \$261,350.

Hetchy Water

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$274,128.
- Total assets exceeded total liabilities by \$269,248.
- Net position increased by \$24,946 or 10.0% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$18,747 or 9.3% to \$219,754.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$3,385 or 6.9% to \$52,697.
- Operating expenses, excluding other non-operating expenses, decreased by \$2,288 or 4.4% to \$50,011.

Hetchy Power

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$518,350.
- Total assets exceeded total liabilities by \$512,386.
- Net position increased by \$24,171 or 4.9% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$61,310 or 10.5% to \$646,946.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$30,761 or 17.8% to \$203,003.
- Operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$35,209 or 22.5% to \$191,552.

CleanPowerSF

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$118,001.
- Total assets exceeded total liabilities by \$119,918.
- Net position increased by \$33,681 or 39.9% during the fiscal year.
- CleanPowerSF had no capital assets, net of accumulated depreciation and amortization as of June 30, 2023.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$68,884 or 26.7% to \$326,777.
- Operating expenses, excluding interest expenses increased by \$32,663 or 12.5% to \$294,780.

Financial Highlights for Fiscal Year 2022

Department-wide Business Type Activities

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$2,823,775.
- Total assets exceeded total liabilities by \$3,068,541.
- Net position increased by \$85,665 or 3.1% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$586,502 or 5.9% to \$10,450,688.
- Operating revenues increased by \$121,174 or 9.3% to \$1,422,446.
- Operating expenses decreased by \$20,144 or 1.8% to \$1,129,681.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Water

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$633,427.
- Total assets exceeded total liabilities by \$727,284.
- Net position decreased by \$17,937 or 2.8% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$29,795 or 0.5% to \$5,617,594.
- Current and other assets increased by \$8,816 or 1.1% mainly due to net pension asset.
- Operating revenues decreased by \$9,319 or 1.6% to \$573,117.
- Operating expenses decreased by \$47,018 or 10.5% to \$401,764.

Wastewater

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$1,362,667.
- Total assets exceeded total liabilities by \$1,447,677.
- Net position increased by \$60,119 or 4.6% during the year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$439,601 or 12.2% to \$4,046,451.
- Operating revenues increased by \$41,217 or 12.6% to \$368,882.
- Operating expenses decreased by \$35,015 or 12.0% to \$257,158.

Hetchy Water

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$249,182.
- Total assets exceeded total liabilities by \$276,425.
- Net position increased by \$24,521 or 10.9% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$23,526 or 13.3% to \$201,007.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$2,222 or 4.7% to \$49,312.
- Operating expenses, excluding other non-operating expenses, increased by \$1,780 or 3.5% to \$52,299.

Hetchy Power

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$494,179.
- Total assets exceeded total liabilities by \$527,477.
- Net position increased by \$21,719 or 4.6% during the fiscal year.
- Capital assets, net of accumulated depreciation and amortization, increased by \$93,580 or 19.0% to \$585,636.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$36,859 or 27.0% to \$173,242.
- Operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$10,703 or 7.3% to \$156,343.

CleanPowerSF

- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$84,320.
- Total assets exceeded total liabilities by \$89,678.
- Net position decreased by \$2,757 or 3.2% during the fiscal year.
- CleanPowerSF had no capital assets, net of accumulated depreciation and amortization as of June 30, 2022.
- Operating revenues, excluding interest and investment income, and other non-operating revenues, increased by \$50,195 or 24.2% to \$257,893.
- Operating expenses, excluding interest expenses increased by \$49,406 or 23.2% to \$262,117.

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Financial Position

Department-wide Business Type Activities

The following table summarizes the department-wide changes in net position. Detailed discussion follows for each proprietary fund.

**Table 1
Business Type Activities
Comparative Condensed Net Position
June 30, 2023, 2022, and 2021**

	2023*	Restated 2022*#	2021*	2023 - 2022 Change	2022 - 2021 Change
Total assets:					
Current and other assets	\$ 1,814,683	1,924,834	1,616,001	(110,151)	308,833
Capital assets, net of accumulated depreciation and amortization	<u>11,199,666</u>	<u>10,450,688</u>	<u>9,864,186</u>	<u>748,978</u>	<u>586,502</u>
Total assets	<u>13,014,349</u>	<u>12,375,522</u>	<u>11,480,187</u>	<u>638,827</u>	<u>895,335</u>
Deferred outflows of resources:					
Unamortized loss on refunding of debt	124,643	139,514	155,082	(14,871)	(15,568)
Pensions	123,669	93,952	113,149	29,717	(19,197)
Other post-employment benefits	<u>48,335</u>	<u>53,412</u>	<u>61,590</u>	<u>(5,077)</u>	<u>(8,178)</u>
Total deferred outflows of resources	<u>296,647</u>	<u>286,878</u>	<u>329,821</u>	<u>9,769</u>	<u>(42,943)</u>
Liabilities:					
Current liabilities:					
Bonds	164,755	161,596	133,308	3,159	28,288
Certificates of participation	4,576	4,395	4,160	181	235
Commercial paper	—	625,473	859,051	(625,473)	(233,578)
State revolving fund loans	2,526	5,764	4,150	(3,238)	1,614
Other liabilities	<u>454,130</u>	<u>442,802</u>	<u>386,562</u>	<u>11,328</u>	<u>56,240</u>
Subtotal current liabilities	<u>625,987</u>	<u>1,240,030</u>	<u>1,387,231</u>	<u>(614,043)</u>	<u>(147,201)</u>
Long-term liabilities:					
Arbitrage rebate payable	188	—	—	188	—
Bonds	7,473,933	6,825,078	6,497,701	648,855	327,377
Revenue Notes	349,556	350,356	—	(800)	350,356
Certificates of participation	124,974	129,550	134,020	(4,576)	(4,470)
State revolving fund loans	479,790	418,656	211,816	61,134	206,840
Commercial paper	487,811	—	—	487,811	—
Water Infrastructure Finance and Innovation Act (WIFIA) loans	122,357	—	—	122,357	—
Other liabilities	<u>496,487</u>	<u>343,311</u>	<u>747,573</u>	<u>153,176</u>	<u>(404,262)</u>
Subtotal long-term liabilities	<u>9,535,096</u>	<u>8,066,951</u>	<u>7,591,110</u>	<u>1,468,145</u>	<u>475,841</u>
Total liabilities:					
Arbitrage rebate payable	188	—	—	188	—
Bonds	7,638,688	6,986,674	6,631,009	652,014	355,665
Revenue Notes	349,556	350,356	—	(800)	350,356
Certificates of participation	129,550	133,945	138,180	(4,395)	(4,235)
Commercial paper	487,811	625,473	859,051	(137,662)	(233,578)
State revolving fund loans	482,316	424,420	215,966	57,896	208,454
Water Infrastructure Finance and Innovation Act (WIFIA) loans	122,357	—	—	122,357	—
Other liabilities	<u>950,617</u>	<u>786,113</u>	<u>1,134,135</u>	<u>164,504</u>	<u>(348,022)</u>
Total liabilities	<u>10,161,083</u>	<u>9,306,981</u>	<u>8,978,341</u>	<u>854,102</u>	<u>328,640</u>
Deferred inflows of resources:					
Unamortized gain on refunding of debt	11,353	—	—	11,353	—
Leases	43,011	44,583	48,110	(1,572)	(3,527)
Related to pensions	49,027	445,403	10,321	(396,376)	435,082
Other post-employment benefits	<u>45,136</u>	<u>41,658</u>	<u>35,126</u>	<u>3,478</u>	<u>6,532</u>
Total deferred inflows of resources	<u>148,527</u>	<u>531,644</u>	<u>93,557</u>	<u>(383,117)</u>	<u>438,087</u>
Net position:					
Net investment in capital assets	2,336,792	2,230,525	2,271,638	106,267	(41,113)
Restricted for debt service	18,191	20,202	48,677	(2,011)	(28,475)
Restricted for capital projects	21,192	114,657	22,319	(93,465)	92,338
Restricted for other purposes	—	181,926	—	(181,926)	181,926
Unrestricted	<u>625,211</u>	<u>276,465</u>	<u>395,476</u>	<u>348,746</u>	<u>(119,011)</u>
Total net position	<u>\$ 3,001,386</u>	<u>2,823,775</u>	<u>2,738,110</u>	<u>177,611</u>	<u>85,665</u>

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements* (SBITAs).

*Eliminated interfund payables and receivables of \$518, \$629 and \$739 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction cost in fiscal years 2023, 2022 and 2021, respectively.

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The following table summarizes Water's changes in net position.

**Table 1A
Proprietary Fund – Water
Comparative Condensed Net Position
June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>Restated 2022[#]</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Total assets:					
Current and other assets	\$ 695,715	795,338	786,522	(99,623)	8,816
Capital assets, net of accumulated depreciation and amortization	<u>5,648,314</u>	<u>5,617,594</u>	<u>5,587,799</u>	<u>30,720</u>	<u>29,795</u>
Total assets	<u>6,344,029</u>	<u>6,412,932</u>	<u>6,374,321</u>	<u>(68,903)</u>	<u>38,611</u>
Deferred outflows of resources:					
Unamortized loss on refunding of debt	124,635	139,481	154,991	(14,846)	(15,510)
Pensions	70,101	52,852	64,797	17,249	(11,945)
Other post-employment benefits	<u>28,616</u>	<u>32,445</u>	<u>37,762</u>	<u>(3,829)</u>	<u>(5,317)</u>
Total deferred outflows of resources	<u>223,352</u>	<u>224,778</u>	<u>257,550</u>	<u>(1,426)</u>	<u>(32,772)</u>
Liabilities:					
Current liabilities:					
Revenue bonds	135,095	125,285	108,500	9,810	16,785
Certificates of participation	3,267	3,138	2,970	129	168
Commercial paper	—	206,297	105,862	(206,297)	100,435
State revolving fund loans	—	3,283	1,667	(3,283)	1,616
Other liabilities	<u>148,547</u>	<u>182,349</u>	<u>154,257</u>	<u>(33,802)</u>	<u>28,092</u>
Subtotal current liabilities	<u>286,909</u>	<u>520,352</u>	<u>373,256</u>	<u>(233,443)</u>	<u>147,096</u>
Long-term liabilities:					
Revenue bonds	4,575,751	4,735,650	4,886,275	(159,899)	(150,625)
Certificates of participation	89,232	92,499	95,692	(3,267)	(3,193)
Commercial paper	371,459	—	—	371,459	—
State revolving fund loans	163,627	118,478	105,740	45,149	12,738
Other liabilities	<u>291,193</u>	<u>218,669</u>	<u>445,234</u>	<u>72,524</u>	<u>(226,565)</u>
Subtotal long-term liabilities	<u>5,491,262</u>	<u>5,165,296</u>	<u>5,532,941</u>	<u>325,966</u>	<u>(367,645)</u>
Total liabilities:					
Revenue bonds	4,710,846	4,860,935	4,994,775	(150,089)	(133,840)
Certificates of participation	92,499	95,637	98,662	(3,138)	(3,025)
Commercial paper	371,459	206,297	105,862	165,162	100,435
State revolving fund loans	163,627	121,761	107,407	41,866	14,354
Other liabilities	<u>439,740</u>	<u>401,018</u>	<u>599,491</u>	<u>38,722</u>	<u>(198,473)</u>
Total liabilities	<u>5,778,171</u>	<u>5,685,648</u>	<u>5,906,197</u>	<u>92,523</u>	<u>(220,549)</u>
Deferred inflows of resources:					
Leases	41,558	44,583	48,110	(3,025)	(3,527)
Related to pensions	28,504	248,704	4,885	(220,200)	243,819
Other post-employment benefits	<u>27,075</u>	<u>25,348</u>	<u>21,315</u>	<u>1,727</u>	<u>4,033</u>
Total deferred inflows of resources	<u>97,137</u>	<u>318,635</u>	<u>74,310</u>	<u>(221,498)</u>	<u>244,325</u>
Net position:					
Net investment in capital assets	545,542	584,646	517,302	(39,104)	67,344
Restricted for debt service	14,625	14,671	45,586	(46)	(30,915)
Restricted for capital projects	15,959	—	22,319	15,959	(22,319)
Restricted for other purposes	—	100,407	—	(100,407)	100,407
Unrestricted	<u>115,947</u>	<u>(66,297)</u>	<u>66,157</u>	<u>182,244</u>	<u>(132,454)</u>
Total net position	\$ <u>692,073</u>	<u>633,427</u>	<u>651,364</u>	<u>58,646</u>	<u>(17,937)</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Water Net Position, Fiscal Year 2023

For the period ended June 30, 2023, the Water Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$692,073. Total net position increased from prior year by \$58,646 or 9.3% (see Table 1A). The increase in net position was the result of a decrease of \$128,975 in liabilities and deferred inflows of resources offset by a decrease of \$70,329 in assets and deferred outflows of resources.

Current and other assets are primarily comprised of restricted and unrestricted balances of cash, receivables for water deliveries and services, interest and lease receivables, interfund receivables due from other governmental agencies, prepaids, and inventory.

During the fiscal year 2023, current and other assets decreased by \$99,623 or 12.5%. The decreases included \$100,407 in restricted net pension asset based on actuarial estimates, \$45,106 in restricted and unrestricted cash and investments mainly due to debt principal and interest payments, capital projects spending, payments for salaries and goods and services, \$6,625 in prepaid expenses of multiple software licensing and membership fees, \$2,535 in lease receivable due to lease payments received, \$882 in subscription asset from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, \$632 in restricted interest and other receivables mainly due to capacity fees, and \$63 mainly for custom work projects due from the Department of Public Works (DPW). These decreases were offset by increases of \$28,594 for a reimbursement receivable from the State Water Resources Control Board (SWRCB) State Revolving Funds Loan relating to the Mountain Tunnel Improvement and SF Westside Recycled Water projects, \$11,007 in notes receivable from the sale of the Balboa Reservoir, \$10,052 in Wholesale Balancing Account receivable (see Note 12 for details), \$2,249 in interest receivable mainly due to higher interest rates, \$2,205 in charges for services receivable mainly due to a 15.9% rate increase for wholesale customers beginning July 1, 2022, \$1,389 in inventory due to more purchases than issuances during the fiscal year, and \$1,131 in lease asset due to additional leases in the current year.

Capital assets, net of accumulated depreciation and amortization, increased by \$30,720 or 0.5% mainly due to Mountain Tunnel Improvement and SF Westside Recycled Water projects. The largest portion of the Water Enterprise's net position of \$545,542 or 78.8% represents net investment in capital assets (see Capital Assets section of the MDA for more information), which decreased by \$39,104 or 6.7% from prior year's \$584,646. The change was explained by an increase of \$62,664 in liabilities related to capital assets mainly from State Revolving Funds Loan relating to the Mountain Tunnel Improvement and SF Westside Recycled Water projects, offset by a \$23,560 increase in capital assets mainly from increased buildings, structures and improvements.

Deferred outflows of resources decreased by \$1,426 due to decreases of \$14,846 from amortization for unamortized loss on refunding and \$3,829 in OPEB obligations based on actuarial estimates, offset by an increase of \$17,249 from pensions based on actuarial estimates.

Total liabilities increased by \$92,523, which was due to increases of \$165,162 in commercial paper from additional principal issuances, \$115,343 in pensions based on actuarial reports, \$41,866 in State Revolving Funds Loan payable due to additional loans related to the Mountain Tunnel Improvement and SF Westside Recycled Water projects, \$15,329 in restricted and unrestricted payables due to higher year end expense accruals for capital projects as compared to prior year, \$4,486 in OPEB obligations based on actuarial estimates, \$2,440 payable to San Francisco Municipal Transportation Agency for a settlement payable relating to the Van Ness Corridor Transit Improvement project, \$1,168 in accrued payroll, vacation and sick leave due to cost of living adjustments and actuarial entries, \$1,147 in lease liability from additional leases, and \$762 in workers' compensation based on actuarial estimates. These increases were offset by decreases of \$150,089 in outstanding revenue bonds from \$125,285 in bond repayment, \$24,812 in bond premium amortization, offset by \$8 in bond discount amortization, \$79,150 in the Wholesale Balancing Account liability (see Note 12 for details), \$16,444 in general liability based on actuarial report, \$5,160 in unearned revenues mainly from lower custom work deposits and reduced Bay Area Water Supply and Conservation Agency (BAWSCA) Bond Surcharges, \$3,138 in certificates of participation from \$3,124 in principal repayment and \$14 in amortization of premium, \$848 in subscription liabilities from the implementation of GASB Statement No. 96, *SBITAs*, and \$351 in interest payable from lower outstanding revenue bonds.

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Deferred inflows of resources decreased by \$221,498 due to decreases of \$220,200 related to pensions based on actuarial estimates and \$3,025 in leases based on Controller's Office GASB Statement No. 87, *Leases*, calculations, offset by an increase of \$1,727 in OPEB obligations based on actuarial estimates.

Water Net Position, Fiscal Year 2022

For the period ended June 30, 2022, the Water Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$633,427. Total net position decreased from prior year by \$17,937 or 2.8% (see Table 1A). The decrease in net position was the result of an increase of \$23,776 in liabilities and deferred inflows of resources offset by an increase of \$5,839 in assets and deferred outflows of resources.

Current and other assets are primarily comprised of restricted and unrestricted balances of cash, receivables for water deliveries and services, interfund receivables due from other governmental agencies, and inventory.

During the fiscal year 2022, current and other assets increased by \$8,816 or 1.1%. The increases included \$100,407 in restricted net pension asset based on actuarial estimates, \$6,276 in prepaid charges advances and other receivables mainly for a settlement from PG&E related to damages on Casitas Avenue in San Francisco, \$6,267 in charges for services attributed to more billings, net of decrease in allowance for doubtful accounts due to utility arrearage relief payment received from the State as Federal pass-through from the California Water and Wastewater Arrearages Payment Program (CWWAPP), \$1,577 in subscription asset from the implementation of GASB Statement No. 96, \$865 in inventory due to more purchases than issuances during the fiscal year, \$167 in interest, leases and other receivables due to higher interest rates, and \$159 in restricted interest and other receivables. These increases were offset by decreases of \$60,453 in restricted and unrestricted cash and investments mainly due to debt principal and interest payments, capital projects spending, payments for salaries and goods and services, \$41,993 reimbursement from the State Water Resources Control Board (SWRCB) State Revolving Funds Loan relating to the SF Westside Recycled Water project, \$2,945 in leases receivable from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, \$1,425 in lease asset from the implementation of GASB Statement No. 87, *Leases*, \$70 mainly for custom work projects due from the Department of Public Works, and \$16 for a Federal grant of culvert repairs relating to the Santa Clara Unit Lightning Complex fires.

Capital assets, net of accumulated depreciation and amortization, increased by \$29,795 or 0.5% mainly due to Water Main Replacement, Treasure Island Well, Serramonte Well and all other well construction, and capital improvement activities. The largest portion of the Water Enterprise's net position of \$584,646 or 92.3% represents net investment in capital assets (see Capital Assets section of the MDA for more information), which increased by \$67,344 or 13.0% from prior year's \$517,302. The change was explained by an increase of \$81,232 in capital assets mainly from increased buildings, structures and improvements, offset by a decrease of \$13,888 in liabilities related to capital assets mainly from bond principal repayment.

Deferred outflows of resources decreased by \$32,772 due to decreases of \$15,510 from amortization for unamortized loss on refunding, \$11,945 relating to pensions based on actuarial reports, and \$5,317 from OPEB obligations based on actuarial estimates.

Total liabilities decreased by \$220,549 which was due to decreases of \$216,417 in pensions based on actuarial report, \$133,840 in outstanding revenue bonds from principal repayments, \$4,656 from OPEB obligations due to actuarial report, \$3,025 in certificates of participation mainly due to principal repayments, \$1,381 in lease liability from the implementation of GASB Statement No. 87, *Leases*, \$745 in interest payable mainly due to lower bonds outstanding, and \$654 in general liability based on actuarial report. These decreases were offset by increases of \$100,435 in commercial paper from additional principal issuances, \$14,354 in State Revolving Funds Loan payable due to additional loans related to the SF Westside Recycled Water project, \$4,759 in restricted and unrestricted payables due to higher year end accruals as compared to prior year, \$1,556 in subscription liability from the implementation of GASB Statement No. 96, \$463 in accrued payroll, vacation and sick leave due to actuarial entries, \$171 in unearned revenues mainly for deposits on custom work, and \$145 in workers' compensation based on actuarial estimates. The Water Enterprise owed the wholesale customers \$79,150, an increase of \$18,286 which was mainly due to annual revenues from the wholesale customers exceeding their share of expenditures. This amount was recorded as a liability in accordance with the 2009 Water Supply agreement. See Note 12, Water Supply Agreement, for additional details.

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Deferred inflows of resources increased by \$244,325 due to an increase of \$243,819 related to pensions and \$4,033 from OPEB benefits based on actuarial reports, offset by a decrease of \$3,527 from leases due to the implementation of GASB Statement No. 87, *Leases*.

The following table summarizes Wastewater's changes in net position.

**Table 1B
Proprietary Fund – Wastewater
Comparative Condensed Net Position
June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>Restated 2022[#]</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Total assets:					
Current and other assets	\$ 576,140	629,325	360,711	(53,185)	268,614
Capital assets, net of accumulated depreciation and amortization	<u>4,684,652</u>	<u>4,046,451</u>	<u>3,606,850</u>	<u>638,201</u>	<u>439,601</u>
Total assets	<u>5,260,792</u>	<u>4,675,776</u>	<u>3,967,561</u>	<u>585,016</u>	<u>708,215</u>
Deferred outflows of resources:					
Unamortized loss on refunding of debt	8	33	91	(25)	(58)
Pensions	32,592	25,369	30,219	7,223	(4,850)
Other post-employment benefits	<u>11,493</u>	<u>12,898</u>	<u>15,109</u>	<u>(1,405)</u>	<u>(2,211)</u>
Total deferred outflows of resources	<u>44,093</u>	<u>38,300</u>	<u>45,419</u>	<u>5,793</u>	<u>(7,119)</u>
Liabilities:					
Current liabilities:					
Revenue bonds	28,070	34,345	22,880	(6,275)	11,465
Certificates of participation	864	830	785	34	45
Commercial paper	—	379,157	638,518	(379,157)	(259,361)
State revolving fund loans	2,526	2,481	2,483	45	(2)
Other liabilities	<u>200,992</u>	<u>165,662</u>	<u>149,357</u>	<u>35,330</u>	<u>16,305</u>
Subtotal current liabilities	<u>232,452</u>	<u>582,475</u>	<u>814,023</u>	<u>(350,023)</u>	<u>(231,548)</u>
Long-term liabilities:					
Arbitrage rebate payable	188	—	—	188	—
Revenue bonds	2,708,840	1,896,908	1,567,042	811,932	329,866
Revenue notes	349,556	350,356	—	(800)	350,356
Certificates of participation	23,594	24,458	25,302	(864)	(844)
State revolving fund loans	316,163	300,178	106,076	15,985	194,102
Water Infrastructure Finance and Innovation Act (WIFIA) loans	122,357	—	—	122,357	—
Other liabilities	<u>121,786</u>	<u>73,724</u>	<u>188,576</u>	<u>48,062</u>	<u>(114,852)</u>
Subtotal long-term liabilities	<u>3,642,484</u>	<u>2,645,624</u>	<u>1,886,996</u>	<u>996,860</u>	<u>758,628</u>
Total liabilities:					
Arbitrage rebate payable	188	—	—	188	—
Revenue bonds	2,736,910	1,931,253	1,589,922	805,657	341,331
Revenue notes	349,556	350,356	—	(800)	350,356
Certificates of participation	24,458	25,288	26,087	(830)	(799)
Commercial paper	—	379,157	638,518	(379,157)	(259,361)
State revolving fund loans	318,689	302,659	108,559	16,030	194,100
Water Infrastructure Finance and Innovation Act (WIFIA) loans	122,357	—	—	122,357	—
Other liabilities	<u>322,778</u>	<u>239,386</u>	<u>337,933</u>	<u>83,392</u>	<u>(98,547)</u>
Total liabilities	<u>3,874,936</u>	<u>3,228,099</u>	<u>2,701,019</u>	<u>646,837</u>	<u>527,080</u>
Deferred inflows of resources:					
Unamortized gain on refunding of debt	11,353	—	—	11,353	—
Leases	1,453	—	—	1,453	—
Related to pensions	10,023	114,670	2,148	(104,647)	112,522
Other post-employment benefits	<u>8,286</u>	<u>8,640</u>	<u>7,265</u>	<u>(354)</u>	<u>1,375</u>
Total deferred inflows of resources	<u>31,115</u>	<u>123,310</u>	<u>9,413</u>	<u>(92,195)</u>	<u>113,897</u>
Net position:					
Net investment in capital assets	1,235,215	1,092,710	1,253,789	142,505	(161,079)
Restricted for debt service	3,510	5,391	2,992	(1,881)	2,399
Restricted for capital projects	—	114,657	—	(114,657)	114,657
Restricted for other purposes	—	48,770	—	(48,770)	48,770
Unrestricted	<u>160,109</u>	<u>101,139</u>	<u>45,767</u>	<u>58,970</u>	<u>55,372</u>
Total net position	\$ <u>1,398,834</u>	\$ <u>1,362,667</u>	\$ <u>1,302,548</u>	\$ <u>36,167</u>	\$ <u>60,119</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Wastewater Net Position, Fiscal Year 2023

For the year ended June 30, 2023, the Wastewater Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,398,834. The Wastewater Enterprise's total net position increased by \$36,167 or 2.7% as a result of increases of \$142,505 in net investment in capital assets and \$58,970 in unrestricted net position offset by decreases of \$114,657 in restricted for capital projects, \$48,770 in restricted for other purposes, and \$1,881 in restricted for debt service (see Table 1B).

During the fiscal year 2023, current and other assets decreased by \$53,185 or 8.5%. The decrease was mainly due to \$188,853 in receivables from the State Water Resources Control Board (SWRCB) attributed to \$207,364 cash receipts from reimbursement requests relating to the Southeast Water Pollution Control Plant (SEP) Biosolids Digester Project, the Southeast Water Pollution Control Plant New Headworks (Grit) Replacement Project, and the Oceanside Plant (OSP) Digester Gas Utilization Upgrade Project, offset by \$18,511 aggregate new reimbursement requests for the SEP New Headworks (Grit) Replacement and OSP Digester Gas Utilization Upgrade projects. Other decreases included \$48,770 in restricted net pension asset based on actuarial report, \$2,325 in lease assets due to amortization, \$1,014 due from the Treasure Island Development Authority (TIDA) for capacity fees, \$535 in subscription asset due to implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*, \$241 in capacity charges net of allowance for doubtful accounts as more collection than billings in current year, \$228 in receivables for charges for services due to \$5,787 increase in allowance for doubtful accounts attributed to increased sewer charges receivable aged over 120 days old offset by \$5,559 increase in charges for services due to higher billings, \$96 decrease in interfund receivable due to \$105 collection of prior year balance from the Academy of Sciences, offset by \$9 receivable from the Department of Public Works (DPW) for the Mission Bay South Project, \$28 decrease in Federal interest subsidy receivable, \$25 decrease in State grant receivable due to receipt of reimbursement for the Baker Beach project, and \$7 decrease in custom work receivable. These decreases in current and other assets were offset by increases of \$184,889 in restricted and unrestricted cash and investments largely from the issuance proceeds of 2023 Series ABC revenue bonds, \$1,682 in interest receivable due to higher interest earnings, \$1,457 in lease receivable due to additional GASB Statement No. 87, *Leases*, \$495 increase in prepaid charges due to \$1,004 prepaid expenses in the current year such as property rental, software license, and membership fees offset by \$471 prior year prepaid expenses recognized in current year and \$38 lease prepayments amortizations for the Civic Center Garage and the Mariposa Pump Station & Force, \$382 in inventory as there were more purchases than issuances during the year, \$27 in property rent receivable, and \$5 in other receivable.

Capital assets, net of accumulated depreciation and amortization, increased by \$638,201 or 15.8% reflecting an increase in construction and capital improvement activities. The largest portion of the Wastewater Enterprise's net position of \$1,235,215 or 88.3%, represents net investment in capital assets (see Capital Assets section of the MDA for more information). Deferred outflows of resources increased by \$5,793 mainly due to \$7,223 increase in pensions based on actuarial report offset by \$1,405 decrease in other post-employment benefits based on actuarial report, and \$25 amortization of the 2013 Series A bonds loss on refunding.

Total liabilities increased by \$646,837 or 20.0%. As of June 30, 2023, total outstanding balance of \$3,551,970 for revenue bonds, revenue notes, certificates of participation (COP), State Revolving Fund (SRF) loans, and Water Infrastructure Finance and Innovation Act (WIFIA) loans represented 91.7% of total liabilities, an increase of \$563,257 or 18.8%. The increase was mainly due to issuance of 2023 Series ABC and 2022 Series B revenue bonds with an aggregate par value of \$974,380 and \$137,080, an aggregate premiums of \$161,622 and \$16,852 from the 2023 Series ABC and 2022 Series B, respectively, to refund principal amount of and interest on commercial paper and portion of certain outstanding revenue bonds and to finance certain capital projects, \$177,564 from issuance of commercial paper, \$122,357 new WIFIA loan to fund for the Biosolids Digester Facilities Project, and \$18,511 additional SRF loans to fund for the SEP New Headworks (Grit) Replacement and OSP Digester Gas Utilization Upgrade projects. These increases were offset by \$556,721 refunding of commercial paper, \$419,505 refunded principal for revenue bonds series 2013AB and 2018C, debt principal repayments of \$34,345 in bonds, \$2,481 in SRF, and \$826 in COP, \$15,494 refunded premium for revenue bonds series 2013AB, and \$15,737 in premium amortization. Other liabilities of \$322,966, including arbitrage rebate payable, such as payables to vendors, contractors, and other government agencies for goods and services under contractual agreements, increased by \$83,580 or 34.9% due to increases of \$49,549 in net pension liability based on actuarial report, \$33,539 in restricted and unrestricted payable to vendors and contractors due to increased vouchers, \$6,450 in bond, loan, lease, and subscription interest payable mainly due to higher outstanding debt principal

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resulting from new debts relating to the issuance of revenue bonds 2023 Series ABC and 2022 Series B bonds, and new WIFIA loan, \$2,442 in employee related benefits including vacation, workers' compensation, and accrued payroll mainly due to actuarial estimates, and 5.25% increase cost of living adjustment (COLA), \$2,102 in payable to Municipal Transportation Agency (MTA), and \$320 in unearned revenues mainly due to \$402 in customer credit balances due to overpayments offset by decreases of \$80 in deposits from Pacific Gas & Electric due to expenses incurred for the Cross Bore Project and \$2 in liens payable, and \$188 in arbitrage rebate payable. The increase in other liabilities was offset by decreases of \$7,695 in damage claims liability due to actuarial estimates, \$2,341 in lease liability due to lease payment, \$515 in subscription liability due to implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, \$260 in pollution remediation obligation, \$111 in payable to Hetch Hetchy Power related to the 525 Golden Gate Living Machine System, and \$88 in other post-employment benefits obligations based on actuarial report.

Deferred inflows of resources decreased by \$92,195 mainly due to decreases in pensions and other post-employment benefits by \$104,647 and \$354, respectively, based on actuarial report, offset by increases in unamortized gain on refunding of debt and leases by \$11,353 and \$1,453, respectively.

Wastewater Net Position, Fiscal Year 2022

For the year ended June 30, 2022, the Wastewater Enterprise's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,362,667. The Wastewater Enterprise's total net position increased by \$60,119 or 4.6% as a result of increases of \$114,657 in restricted for capital projects, \$55,372 in unrestricted net position, \$48,770 in restricted for other purposes, and \$2,399 in restricted for debt service offset by a decrease of \$161,079 in net investment in capital assets (see Table 1B)

During the fiscal year 2022, current and other assets increased by \$268,614 or 74.5%. The increase was mainly due to \$182,040 in receivables from the State Water Resources Control Board (SWRCB) attributed to \$202,795 aggregate new SRF reimbursement requests consisting of \$132,000 for the Southeast Water Pollution Control Plant (SEP) Biosolids Digester Project, \$64,678 for the SEP New Headworks (Grit) Replacement Project, and \$6,117 for the Oceanside Plant (OSP) Digester Gas Utilization Upgrade Project, offset by \$20,755 cash receipts from prior year receivables relating to the OSP Digester Gas Utilization Upgrade Project, an increase of \$48,770 in restricted net pension asset based on actuarial report and \$32,650 increase in restricted and unrestricted cash and investments mainly from the issuance proceeds of tax-exempt 2021 Series AB (Green) revenue notes and 2021 Series AB revenue bonds. Other increases included \$7,241 in receivables for charges for services mainly due to increased billings of \$6,143, \$1,098 decrease in allowance for doubtful accounts due to utility arrearage relief payment received from the State as Federal pass-through from the California Water and Wastewater Arrearages Payment Program (CWWAPP), \$1,014 due from the Treasure Island Development Authority (TIDA) for capacity fees, \$957 in subscription asset due to implementation of GASB Statement No. 96, *SBITAs*, \$301 in inventory as there were more purchases than issuances during the year, \$190 in capacity charges net of allowance for doubtful accounts, \$118 in interest receivable, and \$25 in State grant receivable for the Baker Beach reimbursement. These increases in current and other assets were offset by decreases of \$2,325 in lease assets net of accumulated amortization due to amortization, \$1,763 in Federal interest subsidy receivable (attributed to \$5,817 subsidy received offset by \$4,054 subsidy accrual during the year), \$324 decrease in rent receivable mainly due to \$304 collection of prior year balance from the San Francisco Community College, \$219 decrease in prepaid charges mainly due to \$652 prior year prepaid expenses recognized in current year and \$39 lease prepayments amortizations for the Civic Center Garage and the Mariposa Pump Station & Force, offset by \$472 prepaid expenses in the current year, \$56 decrease in interfund receivables and due from component unit consisting of \$118 from the Department of Public Works (DPW) for the Mission Bay South and Hunters View Development Projects, \$24 from the San Francisco Port Commission (Port), and \$20 from component unit for the TIDA Replacement & Repair Project, offset by an increase of \$106 in receivable from the Academy of Sciences and Office of Community Investment Infrastructure, and \$5 decrease in custom work receivable.

Capital assets, net of accumulated depreciation and amortization, increased by \$439,601 or 12.2% reflecting an increase in construction and capital improvement activities. The largest portion of the Wastewater Enterprise's net position of \$1,092,710 or 80.2%, represents net investment in capital assets (see Capital Assets section of the MDA for more information). Deferred outflows of resources decreased by \$7,119 mainly due to decreases in pensions and other post-employment benefits by \$4,850 and \$2,211, respectively based on actuarial report and \$58 amortization of the 2013 Series A bonds loss on refunding.

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Total liabilities increased by \$527,080 or 19.5%. As of June 30, 2022, total debt outstanding balance of \$2,988,713 for revenue bonds and notes payable, certificates of participation (COP), commercial paper, and SRF loans, represented 92.6% of total liabilities, an increase of \$625,627 or 26.5%. The increase was mainly due to \$373,700 issuance of 2021 Series AB revenue bonds, consisting of \$297,880 par amounts and \$75,820 premiums, \$350,823 issuance of 2021 Series AB revenue notes consisting of \$347,465 par amounts and \$3,358 premiums, \$200,702 new SRF loans to finance the SEP Biosolids Digester Facilities, the SEP New Headworks Replacement, and the OSP Digester Gas Utilization Upgrade projects, and \$80,639 issuance of commercial paper. These increases were offset by \$340,000 retirement of commercial paper, \$26,148 in debt principal repayments, \$9,970 in premium amortization during the year, and \$4,000 loan principal forgiveness for the SRF OSP Digester Gas Utilization Upgrade Project along with \$119 unreimbursed loan claim. Other liabilities of \$239,386 such as payables to vendors, contractors, and other government agencies for goods and services under contractual agreements and employees, decreased by \$98,547 or 29.2%, mainly due to decreases of \$103,746 in net pension liability based on actuarial report, \$4,668 in general liability based on actuarial estimates, \$2,314 in lease liability due to implementation of GASB Statement No. 87, *Leases*, \$1,588 in other post-employment benefits obligations based on actuarial report, and \$110 in payable to Hetch Hetchy Power related to the 525 Golden Gate Living Machine System. These decreases were offset by increases of \$7,229 in restricted and unrestricted payable due to increased vouchers, \$4,192 in bond, loan, lease, and subscription interest payable due to higher outstanding debt principal, \$944 in subscription liability due to implementation of GASB Statement No. 96, *SBITAs*, \$792 in unearned revenues mainly due to \$892 in customer credit balances mainly due to overpayments offset by decreases of \$81 in deposits from Pacific Gas & Electric due to expenses incurred for the Cross Bore Project and \$19 in liens payable, \$462 in employee related benefits including vacation, workers' compensation, accrued payroll mainly due to actuarial estimates, and 4% increase of cost of living adjustment (COLA), and \$260 in pollution remediation obligation.

Deferred inflows of resources increased by \$113,897 due to increases in pensions and other post-employment benefits by \$112,522 and \$1,375, respectively based on actuarial report.

The following table summarizes Hetchy Water's changes in net position.

Table 1C – A
Proprietary Fund – Hetchy Water
Comparative Condensed Net Position
June 30, 2023, 2022, and 2021

	<u>2023</u>	<u>Restated 2022[#]</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Total assets:					
Current and other assets	\$ 91,112	110,066	98,225	(18,954)	11,841
Capital assets, net of accumulated depreciation and amortization	<u>219,754</u>	<u>201,007</u>	<u>177,481</u>	<u>18,747</u>	<u>23,526</u>
Total assets	<u>310,866</u>	<u>311,073</u>	<u>275,706</u>	<u>(207)</u>	<u>35,367</u>
Deferred outflows of resources:					
Pensions	8,858	6,696	7,799	2,162	(1,103)
Other post-employment benefits	<u>3,248</u>	<u>3,272</u>	<u>3,725</u>	<u>(24)</u>	<u>(453)</u>
Total deferred outflows of resources	<u>12,106</u>	<u>9,968</u>	<u>11,524</u>	<u>2,138</u>	<u>(1,556)</u>
Liabilities:					
Current liabilities	9,888	17,553	15,873	(7,665)	1,680
Long-term liabilities	<u>31,730</u>	<u>17,095</u>	<u>43,623</u>	<u>14,635</u>	<u>(26,528)</u>
Total liabilities	<u>41,618</u>	<u>34,648</u>	<u>59,496</u>	<u>6,970</u>	<u>(24,848)</u>
Deferred inflows of resources:					
Related to pensions	4,142	34,477	988	(30,335)	33,489
Other post-employment benefits	<u>3,084</u>	<u>2,734</u>	<u>2,085</u>	<u>350</u>	<u>649</u>
Total deferred inflows of resources	<u>7,226</u>	<u>37,211</u>	<u>3,073</u>	<u>(29,985)</u>	<u>34,138</u>
Net position:					
Net investment in capital assets	219,754	201,007	177,481	18,747	23,526
Restricted for capital projects	5,233	—	—	5,233	—
Restricted for other purposes	—	13,912	—	(13,912)	13,912
Unrestricted	<u>49,141</u>	<u>34,263</u>	<u>47,180</u>	<u>14,878</u>	<u>(12,917)</u>
Total net position	\$ <u>274,128</u>	\$ <u>249,182</u>	\$ <u>224,661</u>	\$ <u>24,946</u>	\$ <u>24,521</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Hetchy Water Net Position, Fiscal Year 2023

Hetchy Water's net position of \$274,128 increased by \$24,946 or 10.0% resulting from a net decrease of \$23,015 in total liabilities and deferred inflows of resources and a net increase of \$1,931 in total assets and deferred outflows of resources (see Table 1C-A). The decrease of \$18,954 in current and other assets was attributed to decreases of \$13,912 in restricted net pension assets based on actuarial report, \$6,238 in cash and investment with City Treasury mainly from higher cash paid to suppliers and contractors for goods and services, \$177 in subscription assets net of accumulated amortization per implementation of GASB Statement No. 96, *SBITAs*, \$129 in prepaid charges, advances, and other receivables due to prepayments made in prior year to California Department of Water Resources for dam fees included fiscal year 2023, and \$70 in charges for services receivables due to lower consumption from Lawrence Livermore National Laboratory. These decreases were offset by increases of \$1,211 in State grants receivable for the 2018 Moccasin Storm Project related to emergency repairs, \$255 in interest receivables attributed to improved market value of investments and higher interest rates, \$84 in lease right-to-use assets net of accumulated amortization, and \$22 in inventory due to more purchases than issuances during the fiscal year.

Capital assets, net of accumulated depreciation and amortization, increased by \$18,747 or 9.3% to \$219,754 primarily from construction and capital improvement activities for the Mountain Tunnel Improvement Project and San Joaquin Pipeline Valve and Safe Entry Improvement Project. Deferred outflows of resources increased by \$2,138 due to an increase of \$2,162 in pensions offset by a decrease of \$24 in OPEB based on actuarial reports.

Hetchy Water's total liabilities increased by \$6,970 or 20.1% to \$41,618, as explained by increases of \$14,105 in net pension liability based on actuarial estimates, \$667 in OPEB obligations based on actuarial assumptions, \$242 in employee related benefits due to 5.25% increase in cost of living adjustment (COLA), \$76 in lease liability and \$73 in general liability based on actuarial estimates. These increases were offset by decreases of \$7,421 in unrestricted payables mainly due to lower license and permit fees to the National Park Service, \$577 in restricted payables due to lower project spending, \$170 in subscription liability per implementation of GASB Statement No. 96, *SBITAs*, \$24 in unearned revenues, refunds, and other mainly due to recognition of grant advance as revenue for the Rim Fire project, and \$1 in interest payable related to *SBITAs* (see Note 11).

Deferred inflows of resources decreased by \$29,985 due to a decrease of \$30,335 in relation to pensions offset by an increase of \$350 in OPEB based on actuarial reports.

Hetchy Water Net Position, Fiscal Year 2022

Hetchy Water's net position of \$249,182 increased by \$24,521 or 10.9% resulting from a net increase of \$33,811 in total assets and deferred outflows of resources, offset by a net increase of \$9,290 in total liabilities and deferred inflows of resources (see Table 1C-A). The increase of \$11,841 in current and other assets was attributed to increases of \$13,912 in restricted net pension assets based on actuarial report, \$314 in subscription assets net of accumulated amortization per implementation of GASB Statement No. 96, *SBITAs*, \$33 in charges for services receivables due to higher consumption from Lawrence Livermore National Laboratory, \$19 in interest receivables due to higher interest accrual from City's Treasury, and \$8 in inventory due to more purchases than issuances during the fiscal year. The increases were offset by decreases of \$2,173 in cash and investment with City Treasury mainly from higher project spending, \$192 in prepaid charges, advances, and other receivables mainly due to prepayment to Turlock Irrigation District for relicensing studies, \$67 decrease in due from other governments related to State grant reimbursement received for Lower Cherry Aqueduct project, and \$13 decrease in lease right-to-use assets net of accumulated amortization per implementation of GASB Statement No. 87, *Leases*.

Capital assets, net of accumulated depreciation and amortization, increased by \$23,526 or 13.3% to \$201,007 primarily from construction and capital improvement activities for the Mountain Tunnel Improvement Project and San Joaquin Pipeline Valve and Safe Entry Improvement Project. Deferred outflows of resources decreased by \$1,556 due to decreases of \$1,103 in pensions and \$453 in other post-employment benefits (OPEB) based on actuarial reports.

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Hetchy Water's total liabilities decreased by \$24,848 or 41.8% to \$34,648, as explained by decreases of \$26,645 in net pension liability based on actuarial estimates, \$2,733 in restricted payables to vendors and contractors mainly due to lower year-end expense accruals for capital projects, \$204 in OPEB obligations based on actuarial assumptions, \$16 in lease liability per implementation of GASB Statement No. 87, *Leases*, and \$6 in grant advance due to recognition of prior year State grant for the Rim Fire project. These decreases were offset by increases of \$4,192 in unrestricted payables mainly for license and permit fees to National Park Service, \$309 in subscription liability per implementation of GASB Statement No. 96, *SBITAs*, \$148 in employee related benefits mainly due to increase in workers' compensation, \$102 in general liability based on actuarial estimates, \$3 in interest payable related to SBITs, and \$2 increase in rental deposits and prepaid rent.

Deferred inflows of resources increased by \$34,138 due to increases of \$33,489 in relation to pensions and \$649 in OPEB based on actuarial reports.

The following table summarizes Hetchy Power's changes in net position.

**Table 1C – B
Proprietary Fund – Hetchy Power
Comparative Condensed Net Position
June 30, 2023, 2022, and 2021**

	2023	Restated 2022[#]	2021	2023 - 2022 Change	2022 - 2021 Change
Total assets:					
Current and other assets	\$ 294,298	260,816	249,365	33,482	11,451
Capital assets, net of accumulated depreciation and amortization	646,946	585,636	492,056	61,310	93,580
Total assets	941,244	846,452	741,421	94,792	105,031
Deferred outflows of resources:					
Pensions	10,826	8,183	9,531	2,643	(1,348)
Other post-employment benefits	3,969	3,999	4,552	(30)	(553)
Total deferred outflows of resources	14,795	12,182	14,083	2,613	(1,901)
Liabilities:					
Current liabilities:					
Bonds	1,590	1,966	1,928	(376)	38
Certificates of participation	445	427	405	18	22
Commercial paper	—	40,019	114,671	(40,019)	(74,652)
Other liabilities	63,355	48,688	49,450	14,667	(762)
Subtotal current liabilities	65,390	91,100	166,454	(25,710)	(75,354)
Long-term liabilities:					
Bonds	189,342	192,520	44,384	(3,178)	148,136
Certificates of participation	12,148	12,593	13,026	(445)	(433)
Commercial paper	116,352	—	—	116,352	—
Other liabilities	45,626	22,762	55,425	22,864	(32,663)
Subtotal long-term liabilities	363,468	227,875	112,835	135,593	115,040
Total liabilities:					
Bonds	190,932	194,486	46,312	(3,554)	148,174
Certificates of participation	12,593	13,020	13,431	(427)	(411)
Commercial paper	116,352	40,019	114,671	76,333	(74,652)
Other liabilities	108,981	71,450	104,875	37,531	(33,425)
Total liabilities	428,858	318,975	279,289	109,883	39,686
Deferred inflows of resources:					
Related to pensions	5,062	42,138	1,207	(37,076)	40,931
Other post-employment benefits	3,769	3,342	2,548	427	794
Total deferred inflows of resources	8,831	45,480	3,755	(36,649)	41,725
Net position:					
Net investment in capital assets	336,281	352,162	323,066	(15,881)	29,096
Restricted for debt service	56	140	99	(84)	41
Restricted for other purposes	—	17,004	—	(17,004)	17,004
Unrestricted	182,013	124,873	149,295	57,140	(24,422)
Total net position	\$ 518,350	494,179	472,460	24,171	21,719

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Hetchy Power Net Position, Fiscal Year 2023

Hetchy Power's net position of \$518,350 increased by \$24,171 or 4.9% resulting from an increase of \$97,405 in total assets and deferred outflows of resources, offset by a net increase of \$73,234 in total liabilities and deferred inflows of resources (see Table 1C-B). Increase of \$33,482 in current and other assets was attributed to increases of \$47,496 in cash and investments mainly due to higher collections from billings, \$2,088 in charges for services receivables mainly due to pending collections from non-work order City departments, \$1,302 in interest receivables attributed to improved market value of investments and higher interest rates, \$348 increase in State grants receivable mainly for the 2018 Moccasin Storm Project related to emergency repairs, and \$105 in lease right-to-use assets net of accumulated amortization.

These increases were offset by decreases of \$17,004 in restricted net pension assets based on actuarial report, \$318 in due from other City departments mainly due to repayments from Moscone Renewable Energy Projects, \$182 in prepaid charges, advances, and other receivables mainly due to prepayments made in prior year to California Department of Water Resources for dam fees included fiscal year 2023, \$152 in restricted interest and other receivables mainly due to lower IRS bond interest subsidy accrual, \$142 in subscription assets net of accumulated amortization per implementation of GASB Statement No. 96, *SBITAs*, and \$59 in inventory due to more issuances than purchases during the fiscal year.

Capital assets, net of accumulated depreciation and amortization, increased by \$61,310 or 10.5% to \$646,946 primarily from construction and capital improvement activities for the Moccasin Powerhouse Rewind Project and the Bay Corridor Project. Deferred outflows of resources increased by \$2,613 due to an increase of \$2,643 in pensions offset by a decrease of \$30 in OPEB based on actuarial reports.

Hetchy Power's total liabilities of \$428,858 increased by \$109,883 or 34.4%. As of June 30, 2023, outstanding debt increased by \$72,352 due to \$76,333 commercial paper issuance for Hetchy Power facilities, offset by \$2,397 from bonds and certificates of participation principal repayments and \$1,584 in amortization of premium and discount. Other liabilities of \$108,981, such as payables to vendors, employees, contractors, and other government agencies for goods and services under contractual agreements, increased by \$37,531 or 52.5%, mainly due to increases of \$17,239 in net pension liability based on actuarial estimates, \$8,302 in unrestricted payables mainly due to higher power purchases, \$5,127 in general liability based on actuarial estimates, \$4,060 in restricted payables to vendors and contractors due to higher year-end expense accruals for capital projects mainly for the Winter Storm projects and Moccasin Powerhouse projects, \$1,566 in due to other City departments mainly for claim settlement reimbursement to SFMTA, \$815 in OPEB obligations based on actuarial assumptions, \$464 in employee related benefits due to 5.25% increase in COLA, \$268 increase in interest payable related to 2021 Series AB revenue bond issued in prior year, and \$94 in lease liability. These increases were offset by decreases of \$267 in unearned revenues, refunds, and other, and \$137 in subscription liability per implementation of GASB Statement No. 96, *SBITAs* (see Note 11). Decrease of \$267 in unearned revenues, refunds, and other was mainly due to \$436 deposit refund to developer for custom work project at 1064 Mission Street, \$126 in refund for Hunter's Point construction project, and \$43 in grant advance due to recognition of Rim Fire State grant revenue, offset by increases of \$170 in prepayments from Distributed Antenna System (DAS) program, and \$168 in customer prepayments.

Deferred inflows of resources decreased by \$36,649 due to a decrease of \$37,076 in relation to pensions offset by an increase of \$427 in OPEB based on actuarial reports.

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Hetchy Power Net Position, Fiscal Year 2022

Hetchy Power's net position of \$494,179 increased by \$21,719 or 4.6% resulting from a net increase of \$103,130 in total assets and deferred outflows of resources, offset by an increase of \$81,411 in total liabilities and deferred inflows of resources (see Table 1C-B). Increase of \$11,451 in current and other assets was attributed to increases of \$17,004 in restricted net pension assets based on actuarial report, \$7,882 in prepaid charges, advances, and other receivables mainly due to collateral paid to satisfy the CAISO's financial security requirements, \$3,295 in cash and investments mainly due to higher collections from billings, \$256 in subscription assets net of accumulated amortization per implementation of GASB Statement No. 96, *SBITAs*, \$76 in interest receivables due to higher interest accrual from City's Treasury, and \$31 increase in Federal grants receivable mainly from the Rim Fire Project.

These increases were offset by decreases of \$8,835 in charges for services receivables due to completion of billing system implementation in prior year resulting in more timely billings in current year, \$7,497 in restricted interest and other receivables mainly due to decrease in vendor prepayment to PG&E for the Bay Corridor Project, \$602 in due from other City departments mainly from repayment for Sustainable Energy Account, \$142 in inventory due to more issuances than purchases during the fiscal year, and \$17 decrease in lease right-to-use assets net of accumulated amortization per implementation of GASB Statement No. 87, *Leases*.

Capital assets, net of accumulated depreciation and amortization, increased by \$93,580 or 19.0% to \$585,636 primarily from construction and capital improvement activities for the Bay Corridor Project and Mountain Tunnel Improvement Project. Deferred outflows of resources decreased by \$1,901 due to decreases of \$1,348 in pensions and \$553 in OPEB based on actuarial reports.

Hetchy Power's total liabilities of \$318,975 increased by \$39,686 or 14.2%. As of June 30, 2022, outstanding debt increased by \$73,111 due to \$124,000 from 2021 Series AB revenue bond issuances, \$63,058 from commercial paper issuance for Hetchy Power facilities, and \$27,022 in bond premium from 2021 Series AB revenue bonds, offset by \$140,043 in commercial paper, bonds, and certificates of participation principal repayments, and \$926 in amortization of premium and discount. Other liabilities of \$71,450, such as payables to vendors, employees, contractors, and other government agencies for goods and services under contractual agreements, decreased by \$33,425 or 31.9%, mainly due to decreases of \$32,566 in net pension liability based on actuarial estimates, \$6,241 in unrestricted payables mainly from prior year wheeling charges to APX, Inc., \$248 in OPEB obligations based on actuarial assumptions, \$85 in general liability based on actuarial estimates, and \$19 decrease in lease liability per implementation of GASB Statement No. 87, *Leases*. These decreases were offset by increases of \$3,666 in restricted payables to vendors and contractors due to higher year-end expense accruals for capital projects, \$870 increase in interest payable mainly related to 2021 Series AB revenue bond issuances, \$734 in unearned revenues, refunds, and other, \$253 in subscription liability per implementation of GASB Statement No. 96, *SBITAs*, \$200 in employee related benefits mainly due to increase in workers' compensation, and \$11 in due to Department of Public Works for painting of light poles. Increase of \$734 in unearned revenues, refunds, and other was mainly due to increases of \$458 in deposits from custom work projects, \$267 in prepayments from Distributed Antenna System (DAS) program, and \$60 in overpayments received from customers, offset by decreases of \$48 in grant advance due to recognition of Rim Fire State grant revenue and \$3 in deposits received from retail customers.

Deferred inflows of resources increased by \$41,725 due to increases of \$40,931 in relation to pensions and \$794 in OPEB based on actuarial reports.

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The following table summarizes CleanPowerSF's changes in net position.

Table 1C – C
Proprietary Fund – CleanPowerSF
Comparative Condensed Net Position
June 30, 2023, 2022, and 2021

	2023	Restated 2022 [#]	2021	2023 - 2022 Change	2022 - 2021 Change
Total assets:					
Current and other assets	\$ 157,936	129,918	121,917	28,018	8,001
Total assets	<u>157,936</u>	<u>129,918</u>	<u>121,917</u>	<u>28,018</u>	<u>8,001</u>
Deferred outflows of resources:					
Pensions	1,292	852	803	440	49
Other post-employment benefits	1,009	798	442	211	356
Total deferred outflows of resources	<u>2,301</u>	<u>1,650</u>	<u>1,245</u>	<u>651</u>	<u>405</u>
Liabilities:					
Current liabilities	31,461	28,661	17,735	2,800	10,926
Long-term liabilities	6,557	11,579	15,344	(5,022)	(3,765)
Total liabilities	<u>38,018</u>	<u>40,240</u>	<u>33,079</u>	<u>(2,222)</u>	<u>7,161</u>
Deferred inflows of resources:					
Related to pensions	1,296	5,414	1,093	(4,118)	4,321
Other post-employment benefits	2,922	1,594	1,913	1,328	(319)
Total deferred inflows of resources	<u>4,218</u>	<u>7,008</u>	<u>3,006</u>	<u>(2,790)</u>	<u>4,002</u>
Net position:					
Restricted for other purposes		1,833	—	(1,833)	1,833
Unrestricted	118,001	82,487	87,077	35,514	(4,590)
Total net position	<u>\$ 118,001</u>	<u>84,320</u>	<u>87,077</u>	<u>33,681</u>	<u>(2,757)</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

CleanPowerSF Net Position, Fiscal Year 2023

CleanPowerSF's net position of \$118,001 increased by \$33,681 or 39.9%, resulting from an increase of \$28,669 in total assets and deferred outflows of resources and a decrease of \$5,012 in total liabilities and deferred inflows of resources (see Table 1C-C). Increase in total assets of \$28,018 was due to increases of \$42,423 in cash and investments with City Treasury mainly attributed to higher collections from billings and \$498 in interest receivable attributed to improved market value of investments and higher interest rates. These increases were offset by decrease of \$7,078 in charges for services receivables due to \$5,485 lower unbilled accrual and \$1,593 increase in allowance for uncollectible due to higher aged receivables greater than 120 days. Prepaid charges and other receivables decreased by \$5,721, of which \$5,463 in lower prepaid for power purchases and \$4,258 in prepayments required by PG&E in prior year offset by \$4,000 in collateral paid to the California Independent System Operator's (CAISO) to satisfy financial security requirements. Restricted net pension assets decreased by \$1,833 based on actuarial report, \$230 in lease right-to-use assets net of accumulated amortization due to lease termination of 544 Golden Gate, and \$41 in subscription assets net of accumulated amortization per implementation of GASB Statement No. 96, *SBITAs*.

Deferred outflows of resources increased by \$651 due to increases of \$440 in pensions and \$211 in OPEB based on actuarial reports.

Total liabilities decreased by \$2,222 or 5.5% to \$38,018, mainly explained by \$9,000 cash collateral returned for power purchase agreement, \$232 decrease in lease liability related to the lease termination at 544 Golden Gate, \$39 decrease in subscription liability per implementation of GASB Statement No. 96, *SBITAs*, and \$1 decrease in interest payable related to *SBITAs* (see Note 11). These decreases were offset by increases of \$2,124 in net pension liability based on actuarial estimates, \$1,950 in unearned revenues, refunds, and other, \$1,789 in OPEB obligations based on actuarial assumptions, \$818 in payables mainly due to higher power purchases, \$367 in employee related benefits due to 5.25% increase in COLA, and \$2 in general liability based on actuarial estimates. Increases of \$1,950 in unearned revenues, refunds, and other was mainly due to increases of \$2,075 received from California Public Utilities Commission (CPUC) for the Community Food Service Energy Efficiency Program and Disadvantaged Communities Programs, \$64 in customer prepayments, and \$5 in energy tax payable, offset by a decrease of \$194 in net energy metering credits to retail and commercial customers. Deferred inflows of resources decreased by \$2,790 due to a decrease of \$4,118 in relation to pensions offset by an increase of \$1,328

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in OPEB based on actuarial reports.

CleanPowerSF Net Position, Fiscal Year 2022

CleanPowerSF's net position of \$84,320 decreased by \$2,757 or 3.2%, resulting from an increase of \$11,163 in total liabilities and deferred inflows of resources, offset by an increase of \$8,406 in total assets and deferred outflows of resources (see Table 1C-C). Increase in total assets of \$8,001 was due to increases of \$20,602 in prepaid expenses included \$12,236 in collateral paid to satisfy the CAISO's financial security requirements, \$5,914 from power purchase credits, and \$2,452 in prepayments to PG&E for electricity purchases. Other increases included \$20,438 in charges for services receivables due to pre-approved rate increases, \$1,833 in restricted net pension assets based on actuarial report, \$71 in subscription assets net of accumulated amortization per implementation of GASB Statement No. 96, *SBITAs*, and \$6 in interest receivable due to higher interest accrual from City's Treasury. These increases were offset by decreases of \$34,604 in cash and investments with City Treasury mainly attributed to volatile and increased pricing in power market and \$345 decrease in lease right-to-use assets net of accumulated amortization per implementation of GASB Statement No. 87, *Leases*.

Deferred outflows of resources increased by \$405 due to increases of \$356 in OPEB and \$49 in pensions based on actuarial reports.

Total liabilities increased by \$7,161 or 21.6% to \$40,240, mainly explained by \$7,667 increase in payables to suppliers for power purchases, \$3,168 increase in unearned revenues, refunds, and other due to \$2,676 grants received in advance from California Public Utilities Commission (CPUC) for the new Disadvantaged Communities Programs (DAC) and the Community Food Service Energy Efficiency program, \$503 from net energy metering credits to retail and commercial customers, offset by a decrease of \$11 from customer prepayments. Other increases included \$228 for employee related benefits including vacation sick leave and accrued payroll mainly due to an extra day in current year-end payroll accrual when compared to prior year, \$70 in subscription liability per implementation of GASB Statement No. 96, *SBITAs*, \$26 in general liability based on actuarial estimates, and \$1 in interest payable related to *SBITAs*. The increases were offset by decreases of \$3,008 in net pension liability based on actuarial estimates, \$645 in OPEB obligations based on actuarial assumptions, and \$346 decrease in lease liability and interest payable per implementation of GASB Statement No. 87, *Leases*.

Deferred inflows of resources increased by \$4,002 due to an increase of \$4,321 in relation to pensions, offset by a decrease of \$319 in OPEB based on actuarial reports.

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Results of Operations

Department-wide Business Type Activities

The following table summarizes the department-wide revenues, expenses, and changes in net position. Detailed discussion follows for each proprietary fund.

**Table 2
Business Type Activities
Comparative Condensed Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023, 2022, and 2021**

	2023	Restated 2022 [#]	2021	2023 - 2022 Change	2022 - 2021 Change
Revenues:					
Charges for services	\$ 1,598,926	1,375,765	1,259,466	223,161	116,299
Rents and concessions	14,387	14,719	14,624	(332)	95
Other operating revenues	25,191	31,962	27,182	(6,771)	4,780
Interest and investment income/(loss)	18,315	(26,202)	30	44,517	(26,232)
Other non-operating revenues	67,553	86,326	72,337	(18,773)	13,989
Total revenues	1,724,372	1,482,570	1,373,639	241,802	108,931
Expenses:					
Operating expenses	1,257,946	1,129,681	1,149,825	128,265	(20,144)
Interest expenses	319,924	297,068	221,622	22,856	75,446
Amortization of premium, discount, refunding loss, and issuance costs	(25,942)	(18,105)	(16,498)	(7,837)	(1,607)
Non-operating expenses	2,809	1,938	3,582	871	(1,644)
Total expenses	1,554,737	1,410,582	1,358,531	144,155	52,051
Change in net position before transfers and capital contributions	169,635	71,988	15,108	97,647	56,880
Capital contributions	7,992	—	4,180	7,992	(4,180)
Transfers from the City and County of San Francisco	20,080	45,036	38,465	(24,956)	6,571
Transfers to the City and County of San Francisco	(20,096)	(31,359)	(21,374)	11,263	(9,985)
Net capital contributions and transfers	7,976	13,677	21,271	(5,701)	(7,594)
Change in net position	177,611	85,665	36,379	91,946	49,286
Net position at beginning of year	2,823,775	2,738,110	2,701,731	85,665	36,379
Net position at end of year	\$ 3,001,386	2,823,775	2,738,110	177,611	85,665

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

The following table summarizes Water's revenues, expenses, and changes in net position.

**Table 2A
Proprietary Fund – Water
Comparative Condensed Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023, 2022, and 2021**

	2023	Restated 2022 [#]	2021	2023 - 2022 Change	2022 - 2021 Change
Revenues:					
Charges for services	\$ 661,241	539,526	550,306	121,715	(10,780)
Rents and concessions	13,282	13,765	13,735	(483)	30
Other operating revenues	16,568	19,826	18,395	(3,258)	1,431
Interest and investment income/(loss)	11,156	(10,896)	1,374	22,052	(12,270)
Other non-operating revenues	40,679	41,871	45,874	(1,192)	(4,003)
Total revenues	742,926	604,092	629,684	138,834	(25,592)
Expenses:					
Operating expenses	460,253	401,764	448,782	58,489	(47,018)
Interest expenses	214,913	213,681	184,678	1,232	29,003
Amortization of premium, discount, refunding loss, and issuance costs	(9,971)	(9,875)	(7,782)	(96)	(2,093)
Non-operating expenses	1,775	828	2,208	947	(1,380)
Total expenses	666,970	606,398	627,886	60,572	(21,488)
Change in net position before transfers and capital contributions	75,956	(2,306)	1,798	78,262	(4,104)
Capital contributions	2,717	—	4,180	2,717	(4,180)
Transfers from the City and County of San Francisco	5	15,035	21,025	(15,030)	(5,990)
Transfers to the City and County of San Francisco	(20,032)	(30,666)	(16,654)	10,634	(14,012)
Net capital contributions and transfers	(17,310)	(15,631)	8,551	(1,679)	(24,182)
Change in net position	58,646	(17,937)	10,349	76,583	(28,286)
Net position at beginning of year	633,427	651,364	641,015	(17,937)	10,349
Net position at end of year	\$ 692,073	633,427	651,364	58,646	(17,937)

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Water Results of Operations, Fiscal Year 2023

The Water Enterprise's total revenues of \$742,926 for the year represented an increase of \$138,834 or 23.0% from prior year (see Table 2A). Increases included \$121,715 from charges for services, and \$22,052 in interest and investment income. These increases were offset by decreases of \$3,258 in other operating revenues, \$1,192 in other non-operating revenues, and \$483 in rents and concessions.

Charges for services were \$661,241, an increase of \$121,715 or 22.6% mainly due to an adopted rate increase of 15.9% for wholesale customers and a 5% drought surcharge for retail customers beginning July 1, 2022. Rents and concessions were \$13,282, a decrease of \$483 or 3.5% mainly due to lease terminations. Other operating revenues were \$16,568, a decrease of \$3,258 or 16.4% mainly due to decreased consumption by other City departments and fewer capacity fee applications. Interest and investment income was \$11,156, an increase of \$22,052 or 202.4% due to prior year unrealized losses and higher interest earned on pooled cash. Other non-operating revenues were \$40,679, a decrease of \$1,192 or 2.8% due to an accrued settlement and water utility arrearages relief grant received in prior year.

The Water Enterprise's total expenses were \$666,970, an increase of \$60,572 or 10.0%. Operating expenses were \$460,253, an increase of \$58,489 or 14.6%, as a result of increases of \$52,324 in personnel services mainly due to pensions based on actuarial estimates, \$6,937 in depreciation from additional capital assets placed into service, \$6,603 in services provided by other departments mainly for higher water assessments fees paid to Hetch Hetchy Water, \$4,357 in contractual services mainly for custom work and professional & specialized service charges, and increase of \$4,327 in materials and supplies mainly for water treatment supplies. These increases were offset by a decrease of \$16,059 in general administrative and other expenses mainly from judgement and claims. Interest expenses increased by \$1,232, compared to prior year, mainly due to increased commercial paper interest. Amortization of bond premium, discount, refunding loss and issuance costs increased by \$96 mainly due to amortization of bond refunding loss. Non-operating expenses increased by \$947 mainly for youth employment and employment projects.

Transfer in of \$5 from the General Fund was for the Mayor's Office's minimum compensation ordinance. Transfer out of \$20,032 included \$20,000 to Hetch Hetchy Water to fund various Mountain Tunnel Improvement projects, and \$32 to the Office of the City Administrator for the Water Enterprise's contribution to the Surety Bond Program. Capital contribution of \$2,717 was received from a developer for assets relating to the Potrero HOPE SF and Sunnydale HOPE SF projects.

Water Results of Operations, Fiscal Year 2022

The Water Enterprise's total revenues of \$604,092 for the year represented a decrease of \$25,592 or 4.1% from prior year (see Table 2A). Decreases included \$12,270 from interest and investment loss, \$10,780 from charges for services, and \$4,003 from other non-operating revenues. These decreases were offset by increases of \$1,431 in other operating revenues, and \$30 in rents and concessions.

Charges for services were \$539,526, a decrease of \$10,780 or 2.0% mainly due to 4.1% reduced consumption, offset by an adopted rate increase of 7.0% for retail customers beginning July 1, 2021. Rents and concessions were \$13,765, an increase of \$30 or 0.2% mainly due to a lease transfer fee and new tenants. Other operating revenues were \$19,826, an increase of \$1,431 or 7.8% mainly from increased capacity fee permits issued and a 7.0% adopted rate increase for retail customers. Interest and investment loss was \$10,896, a decrease of \$12,270 or 893.0% mainly due to unrealized losses as a result of the decline in market value of investments due to rising interest rates. Other non-operating revenues were \$41,871, a decrease of \$4,003 or 8.7% mainly due to \$15,000 in State revolving fund (SRF) grant recognized in the prior year, \$1,477 decrease in gain from sale of fixed assets, \$292 in federal bond subsidies, offset by increases of \$6,750 from a PG&E settlement and \$5,929 from a water utility arrearages relief grant and \$87 in other non-operating revenues.

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The Water Enterprise's total expenses were \$606,398, a decrease of \$21,488 or 3.4%. Operating expenses were \$401,764, a decrease of \$47,018 or 10.5%, the result of decreases of \$49,143 in personnel services mainly due to decreases in pension obligations based on actuarial report, \$5,357 in general and administrative and other expenses due to higher judgement and claims in prior year, and \$1,467 in contractual services mainly from other current expenses and subscriptions. These decreases were offset by increases of \$3,333 in depreciation due to additional capital assets placed into service, \$3,072 in services provided by other departments mainly for higher water assessment fees paid to Hetch Hetchy Water and higher gas and electric charges paid to Hetch Hetchy Power, and \$2,544 in materials and supplies mainly for water treatment supplies. Interest expenses increased by \$29,003 due to reduced bond interest capitalization resulting from the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, in fiscal year 2022. Amortization of bond premium, discount, refunding loss and issuance costs increased by \$2,093 due to prior year bond issuance costs. Non-operating expenses decreased by \$1,380 mainly due to prior year grant payments for water conservation.

Transfers in of \$15,035 from the City included \$15,030 for the Earthquake Safety and Emergency Response program, and \$5 from the General Fund for low income assistance programs. Transfers out of \$30,666 included \$30,000 to Hetch Hetchy Water to fund various Mountain Tunnel projects, \$500 to DPW for the UN Plaza Large Alternative Water Source project and purchase of capital assets, \$134 for the Arts Commission for the arts enrichment fund for the new CDD Headquarters, and \$32 to the Office of the City Administrator for the Water Enterprise's contribution to the Surety Bond Program.

The following table summarizes Wastewater's revenues, expenses, and changes in net position.

Table 2B
Proprietary Fund – Wastewater
Comparative Condensed Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023, 2022, and 2021

	<u>2023</u>	<u>Restated 2022[#]</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Revenues:					
Charges for services	\$ 354,491	356,041	318,236	(1,550)	37,805
Rents and concessions	822	705	642	117	63
Other operating revenues	8,623	12,136	8,787	(3,513)	3,349
Interest and investment income/(loss)	2,556	(7,087)	(1,187)	9,643	(5,900)
Other non-operating revenues	9,910	25,454	4,911	(15,544)	20,543
Total revenues	<u>376,402</u>	<u>387,249</u>	<u>331,389</u>	<u>(10,847)</u>	<u>55,860</u>
Expenses:					
Operating expenses	261,350	257,158	292,173	4,192	(35,015)
Interest expenses	95,520	77,751	34,944	17,769	42,807
Amortization of premium, refunding loss, and issuance costs	(14,387)	(8,422)	(8,497)	(5,965)	75
Non-operating expenses	535	482	409	53	73
Total expenses	<u>343,018</u>	<u>326,969</u>	<u>319,029</u>	<u>16,049</u>	<u>7,940</u>
Change in net position before transfers and capital contributions	<u>33,384</u>	<u>60,280</u>	<u>12,360</u>	<u>(26,896)</u>	<u>47,920</u>
Capital contributions	2,740	—	—	2,740	—
Transfers from the City and County of San Francisco	75	—	1,440	75	(1,440)
Transfers to the City and County of San Francisco	(32)	(161)	(4,188)	129	4,027
Net capital contributions and transfers	<u>2,783</u>	<u>(161)</u>	<u>(2,748)</u>	<u>2,944</u>	<u>2,587</u>
Change in net position	<u>36,167</u>	<u>60,119</u>	<u>9,612</u>	<u>(23,952)</u>	<u>50,507</u>
Net position at beginning of year	1,362,667	1,302,548	1,292,936	60,119	9,612
Net position at end of year	\$ <u>1,398,834</u>	\$ <u>1,362,667</u>	\$ <u>1,302,548</u>	\$ <u>36,167</u>	\$ <u>60,119</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Wastewater Results of Operations, Fiscal Year 2023

The Wastewater Enterprise's total revenues were \$376,402, a decrease of \$10,847 or 2.8% from prior year (see Table 2B). Charges for services decreased by \$1,550 or 0.4% mainly due to an increase in allowance for doubtful accounts by \$6,885 as there were more sewer charge receivables aging over 120 days, offset by a 5% drought surcharge and a sanitary flow increase of 47,124 ccf or 0.2% from residential and non-residential customers. Other non-operating revenues decreased by \$15,544 or 61.1% mainly due to Federal and State grants received in prior year consisting of \$9,302 for the customer utility arrearage relief, \$8,000 SRF loan principal forgiveness of the SEP Biosolids Digester Facilities and the OSP Digester Gas Handling Utilization Upgrade projects, and \$3,409 Baker Beach grant, a decrease of \$91 in Federal interest subsidy, and \$44 refunded federal grant relating to customer utility arrearage relief program, offset by \$5,000 Monsanto settlement related to water pollution, \$196 Baker Beach grant in current year, and increases of \$92 in gain from sale of assets and \$14 in miscellaneous revenue. Other operating revenues decreased by \$3,513 or 28.9% mainly due to decreases of \$3,203 in capacity fees resulting from \$3,985 decrease in permits issued offset by \$782 decrease in allowance for doubtful accounts, and \$310 in other operating revenues to other City departments such as the Recreation & Park, the San Francisco Municipal Transportation Agency, and the Zuckerberg San Francisco General Hospital and Trauma Center. Rents and concessions increased by \$117 or 16.6% mainly due to increases in rental income of \$162 from short-term conference room rentals at Southeast Community Center beginning December 2022, \$17 from tenants with 5.3% consumer price index average rate increase, offset by decreases of \$59 from three terminated leases in the current year and \$3 related to leases due to GASB Statement No. 87, *Leases*, implementation. Interest and investment income increased by \$9,643 or 136.1% mainly due to \$4,436 decrease in unrealized loss in City Treasury pooled investments attributed to improved market value of investments and higher interest rates, an increase of \$3,697 in interest earned from pooled cash due to increase in cash balances and higher annualized interest rate, \$1,500 increase in interest earned from fiscal agent account due to increase in fiscal agent cash balances and rising interest rates, and \$10 interest earned from lease receivable.

Total expenses were \$343,018, an increase of \$16,049 or 4.9% due to increases of \$17,769 in interest expenses mainly due to higher bond principal, \$4,192 in operating expenses, and \$53 increase in City grants program expenses due to increased expenditures for community based organization services such as for the Youth Employment & Environment Project and the UC Wastewater Treatment Project, offset by an increase of \$5,965 in amortization of premium, refunding loss, and issuance cost. The increase of \$4,192 in operating expenses were mainly due to increases of \$26,270 in personnel services due to \$21,594 increase in expenses related to GASB 68, *Accounting and Financial Reporting for Pensions*, pension adjustment and 5.25% increase in cost of living adjustment (COLA), \$2,462 in materials and supplies due to water sewage treatment supplies for Bayside Operations, \$2,205 in contractual services mainly due to higher building and equipment maintenance for sludge removal, vehicle rental, and power utility, \$1,354 in services provided by other departments mainly for electricity from Hetch Hetchy Power, water from Water Enterprise, and for toxics waste & hazard materials services and cleanup charges related to the UC Wastewater Treatment Project, offset by decreases of \$28,033 in general and administrative and other operating expenses mainly due to increased capitalized expenditures to fixed assets and a decrease in judgements and claims offset by increased capital project expenses primarily related to SSIP Biosolids Digester Project, New Grit Removal/Influent Pump Project, and Westside Pump Station Reliability Improvement Project and \$66 in depreciation and amortization expenses.

Capital contributions of \$2,740 was for the Sunnydale HOPE SF Developer Project. Net transfers of \$43 included transfer in of \$75 from the General Fund for the Wastewater Add-backs Master Project offset by transfer out of \$32 to the Office of the City Administrator for the Surety Bond Program.

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Wastewater Results of Operations, Fiscal Year 2022

The Wastewater Enterprise's total revenues were \$387,249, an increase of \$55,860 or 16.9% from prior year (see Table 2B). Charges for services increased by \$37,805 or 11.9% mainly due to an average 8% adopted rate increase and a decrease in allowance for doubtful accounts by \$1,098 as there were less sewer charge receivables aging over 120 days due to utility arrearage relief payments received from the State, offset by a sanitary flow decrease of 257,472 ccf or 1.2% from residential and non-residential customers. Other non-operating revenues increased by \$20,543 mainly due to \$9,302 utility arrearage relief payment received from the State as Federal pass-through from the CWWAPP, \$8,000 SRF loan principal forgiveness component of the SEP Biosolids Digester Facilities Project and the OSP Digester Gas Handling Utilization Upgrade Project, \$3,409 Baker Beach grant, and \$4 gain from sale of assets offset by decreases of \$164 in miscellaneous revenue due to less overhead recovery, redemption penalty and stormwater control plan review fees, and \$8 in Federal interest subsidy. Other operating revenues increased by \$3,349 or 38.1% mainly due to increases of \$2,570 in capacity fees resulting from a 58.9% increase in average permit price and a 5.4% increase in permits issued attributed to new developments on Treasure Island and the City's re-opening and eliminating local restrictions on business operations, and \$779 in other operating revenues to other City departments such as the Recreation & Park, Academy of Sciences, and the San Francisco General Hospital. Rents and concessions increased by \$63 or 9.8% mainly due to increases in rental income of \$34 from the Sheriff Department, \$22 from tenants with 3.6% consumer price index average rate increase, and \$7 from a short-term tenant, Young Community Developers. Interest and investment income decreased by \$5,900 or 497.1% mainly due to \$5,618 increase in unrealized loss in City Treasury pooled investments attributed to the decline in market value of investments and rising interest rates and \$292 decrease in interest earned from pooled cash due to lower annualized interest rate offset by \$10 increase in interest earned from fiscal agent account due to increase in fiscal agent cash balances.

Total expenses were \$326,969, an increase of \$7,940 or 2.5% due to increases of \$42,807 in interest expenses mainly due to increased outstanding bond principal balance and the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which eliminated the capitalization of interest to capital assets beginning in fiscal year 2022, a decrease of \$75 in amortization, refunding loss, and issuance cost, and \$73 increase in City grants program expenses due to increased participation in the flood water management program for San Francisco properties offset by \$35,015 decrease in operating expenses. The decrease of \$35,015 in operating expenses was mainly due to decreases of \$26,993 in personnel services due to \$38,115 decrease in expenses related to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, pension adjustment offset by a 4% increase in cost of living adjustment (COLA) and \$17,952 in general and administrative and other operating expenses mainly due to lower capital project expenses particularly for the Biosolids/Digester Project and Southeast Community Center Project, offset by increases of \$3,762 in depreciation expense due to more capitalized assets put in service, \$2,753 in materials and supplies mainly due to water sewage treatment supplies for Bayside Operations, \$2,083 in contractual services mainly due to higher maintenance for building structures and professional and specialized services, and \$1,332 in services provided by other departments mainly for electricity from Hetch Hetchy Power, water from Water Enterprise, and for facilities management services from the General Services Agency (GSA).

Net transfers of \$161 included transfer out of \$129 in art enrichment fund to the San Francisco Art Commission for the Westside Reliability Improvement and \$32 to the Office of the City Administrator for the Surety Bond Program.

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The following table summarizes Hetchy Water's revenues, expenses, and changes in net position.

Table 2C – A
Proprietary Fund – Hetchy Water
Comparative Condensed Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023, 2022, and 2021

	2023	Restated 2022[#]	2021	2023 - 2022 Change	2022 - 2021 Change
Revenues:					
Charges for services	\$ 52,570	49,200	46,979	3,370	2,221
Rents and concessions	127	112	111	15	1
Interest and investment income/(loss)	457	(2,932)	(232)	3,389	(2,700)
Other non-operating revenues	1,861	479	1,352	1,382	(873)
Total revenues	<u>55,015</u>	<u>46,859</u>	<u>48,210</u>	<u>8,156</u>	<u>(1,351)</u>
Expenses:					
Operating expenses	50,011	52,299	50,519	(2,288)	1,780
Interest expenses	4	3	2	1	1
Non-operating expenses	54	37	63	17	(26)
Total expenses	<u>50,069</u>	<u>52,339</u>	<u>50,584</u>	<u>(2,270)</u>	<u>1,755</u>
Change in net position before transfers	4,946	(5,480)	(2,374)	10,426	(3,106)
Transfers from the City and County of San Francisco	20,000	30,001	16,000	(10,001)	14,001
Change in net position	<u>24,946</u>	<u>24,521</u>	<u>13,626</u>	<u>425</u>	<u>10,895</u>
Net position at beginning of year	249,182	224,661	211,035	24,521	13,626
Net position at end of year	\$ <u>274,128</u>	\$ <u>249,182</u>	\$ <u>224,661</u>	\$ <u>24,946</u>	\$ <u>24,521</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Hetchy Water Results of Operations, Fiscal Year 2023

Hetchy Water's total revenues were \$55,015, an increase of \$8,156 or 17.4% from prior year's revenues (see Table 2C-A). Increases included \$3,370 in charges for services, \$3,389 in interest and investment income, \$1,382 in other non-operating revenues, and \$15 in rents and concessions.

Charges for services were \$52,570, an increase of \$3,370 or 6.8% mainly due to increased water assessment fees from the Water Enterprise to fund upcountry water-related costs. Interest and investment income was \$457, an increase of \$3,389 mainly due to decrease in unrealized loss in City Treasury pooled investments attributed to improved market value of investments and higher interest rates. Other non-operating revenues were \$1,861, an increase of \$1,382 mainly due to increase of \$1,177 in State grants revenue for the 2018 Moccasin Storm Project related to emergency repairs, \$200 revenue related to labor settlements, and \$9 in overhead charges, offset by decreases of \$3 in net gain from sale of fixed assets and \$1 in miscellaneous revenue. Rents were \$127, an increase of \$15 mainly due to higher collections from recreational rentals.

Total operating expenses, excluding interest expenses and other non-operating expenses, were \$50,011, a decrease of \$2,288 or 4.4%. Other operating expenses decreased by \$7,358 mainly due to lower capital spending on the Mountain Tunnel Improvement Project, offset by increases of \$2,788 in personnel services due to higher personnel and fringe benefit costs and 5.25% increase in COLA, \$1,451 in general and administrative expenses due to higher fees, licenses, and permit expenses, \$281 in contractual services from increased management consulting services, \$263 in services provided by other departments mainly due to higher bureau allocations related to accounting services support from the Controller's Office, \$243 in material and supplies from fuel and minor data processing equipment, and \$44 in depreciation and amortization mainly related to additional facilities and improvements placed in service.

Other non-operating expenses were \$54, an increase of \$17 due to higher payments to community-based organization programs. Interest expenses were \$4, an increase of \$1 mainly due to implementation of GASB Statement No. 96, *SBITAs*. A transfer in of \$20,000 was received from the Water Enterprise to fund various Mountain Tunnel projects.

As a result of the above activities, net position for the year ended June 30, 2023 increased by \$24,946 or 10.0% compared to prior year.

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Hetchy Water Results of Operations, Fiscal Year 2022

Hetchy Water's total revenues were \$46,859, a decrease of \$1,351 or 2.8% from prior year's revenues (see Table 2C-A). Decrease was due to \$2,700 in investment loss and a decrease of \$873 from other non-operating revenues, offset by increases of \$2,221 from charges for services and \$1 from rents and concessions.

Charges for services were \$49,200, an increase of \$2,221 or 4.7% mainly due to increased water assessment fees from the Water Enterprise to fund upcountry water-related costs and higher consumption from Lawrence Livermore National Laboratory. Rents were \$112, an increase of \$1 or 0.9% mainly due to consumer price index adjustment. Interest and investment loss was \$2,932 mainly due to unrealized losses as a result of the decline in market value of investments related to rising interest rates. Other non-operating revenues were \$479, a decrease of \$873 or 64.6% mainly due to \$899 lower Federal and State grants revenue from the Rim Fire Projects, offset by increases of \$19 in overhead charges and \$7 in net gain from sale of fixed assets.

Total operating expenses, excluding interest expenses and other non-operating expenses, were \$52,299, an increase of \$1,780 or 3.5%. The increase was primarily due to increases of \$4,275 in other operating expenses mainly due to higher capital spending, \$612 in services provided by other departments mainly due to higher legal service charges from City Attorney's Office, \$452 in depreciation and amortization mainly related to additional building, structure and equipment placed in service, \$309 in general and administrative expenses mainly due to higher fees, licenses, and permit expenses, \$277 in contractual services mainly from increased engineering and management consulting services, and \$90 in material and supplies mainly from fuel and water treatment supplies. These increases were offset by a decrease of \$4,235 in personnel services due to lower pension obligations based on actuarial reports.

Other non-operating expenses were \$37, a decrease of \$26 due to lower payments to community-based organization programs. Interest expenses were \$3, an increase of \$1 mainly due to implementation of GASB Statements No. 87, Leases and GASB Statement No. 96, SBITAs. A transfer in of \$30,001 was received from the Water Enterprise to fund various Mountain Tunnel projects.

As a result of the above activities, net position for the year ended June 30, 2022 increased by \$24,521 or 10.9% compared to prior year.

The following table summarizes Hetchy Power's revenues, expenses, and changes in net position.

Table 2C – B
Proprietary Fund – Hetchy Power
Comparative Condensed Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023, 2022, and 2021

	2023	Restated 2022#	2021	2023 - 2022 Change	2022 - 2021 Change
Revenues:					
Charges for services	\$ 203,847	173,105	136,247	30,742	36,858
Rents and concessions	156	137	136	19	1
Interest and investment income/(loss)	3,741	(4,001)	24	7,742	(4,025)
Other non-operating revenues	13,605	15,763	19,273	(2,158)	(3,510)
Total revenues	221,349	185,004	155,680	36,345	29,324
Expenses:					
Operating expenses	191,552	156,343	145,640	35,209	10,703
Interest expenses	9,486	5,627	1,972	3,859	3,655
Amortization of premium, discount, and issuance costs	(1,584)	192	(219)	(1,776)	411
Non-operating expenses	227	591	902	(364)	(311)
Total expenses	199,681	162,753	148,295	36,928	14,458
Change in net position before transfers and contributions	21,668	22,251	7,385	(583)	14,866
Capital contribution	2,535	—	—	2,535	—
Transfers to the City and County of San Francisco	(32)	(532)	(532)	500	—
Net capital contributions and transfers	2,503	(532)	(532)	3,035	—
Change in net position	24,171	21,719	6,853	2,452	14,866
Net position at beginning of year	494,179	472,460	465,607	21,719	6,853
Net position at end of year	\$ 518,350	494,179	472,460	24,171	21,719

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Hetchy Power Results of Operations, Fiscal Year 2023

Hetchy Power's total revenues were \$221,349, an increase of \$36,345 or 19.6% from prior year's revenues (see Table 2C-B). Increases included \$30,742 from charges for services, \$7,742 from interest and investment income, and \$19 from rents and concessions, offset by a decrease of \$2,158 from other non-operating revenues.

Charges for services were \$203,847, an increase of \$30,742 or 17.8%, mainly due to increases of \$19,450 in wholesale revenue from Congestion Revenue Right (CRR) credits from California Independent System Operator (CAISO) and \$12,159 in billings from non-work order City departments as a result of increased operation due to easing of COVID-19 restrictions, offset by a decrease of \$867 in resale of capacity to CleanPowerSF. Interest and investment income was \$3,741, an increase of \$7,742 mainly due to decrease in unrealized loss in City Treasury pooled investments attributed to improved market value of investments and higher interest rates. Rents increased by \$19 or 13.9% to \$156 mainly due to higher collections from recreational rentals.

Other non-operating revenues were \$13,605, a decrease of \$2,158 or 13.7%, mainly due to decreases of \$3,987 in State and Federal grants revenue from the Rim Fire Project and California Arrearages Payment Program (CAPP) to provide relief for customer unpaid bills, \$590 in Low Carbon Fuel Standard credits, \$306 Cap and Trade revenue due to decrease of 10,606 allowances sold, \$22 in bond interest subsidies from IRS mainly due to lower subsidy for 2015 NCREBs, and \$6 in net gain from sale of fixed assets, offset by increases of \$2,084 from the Power System Mitigation Project, \$244 in settlement revenue, \$220 in Distributed Antenna System and miscellaneous revenue, and \$205 in overhead charges.

Total operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$35,209 or 22.5% to \$191,552. Increases included \$20,406 in purchased electricity and transmission, distribution, and other power costs attributed to volatile and higher pricing in power market, \$10,988 in general and administrative expenses due to higher judgements and claims expenses, \$4,654 in personnel services due to higher personnel and fringe benefit costs and 5.25% increase in COLA, \$2,421 in services provided by other departments mainly due to higher legal service charges from City Attorney's Office, \$1,360 in contractual services for construction contracts, \$342 in materials and supplies for electrical supplies and fuel, and \$108 in depreciation and amortization mainly related to additional facilities and improvements placed in service. These increases were offset by a decrease of \$5,070 in other operating expenses mainly due to lower capital spending for Bay Corridor Project.

Interest expenses increased by \$3,859 or 68.6% due to higher outstanding bonds and commercial paper. Amortization of premium and discount decreased by \$1,776 due to higher costs of issuance for 2021 Series AB revenue bonds in prior year.

Other non-operating expenses were \$227, a decrease of \$364 or 61.6% mainly due to lower payments for GoSolarSF Incentive Program. Capital contributions of \$2,535 were from the Sunnydale and Potrero HOPE SF Projects. Transfer out of \$32 to the Office of the City's Administrator was for the Surety Bond Program.

As a result of the above activities, net position for the year ended June 30, 2023 increased by \$24,171 or 4.9% compared to prior year.

Hetchy Power Results of Operations, Fiscal Year 2022

Hetchy Power's total revenues were \$185,004, an increase of \$29,324 or 18.8% from prior year's revenues (see Table 2C-B). Increases included \$36,858 from charges for services and \$1 from rents and concessions, offset by decreases of \$4,025 from interest and investment income and \$3,510 from other non-operating revenues.

Charges for services were \$173,105, an increase of \$36,858 or 27.1%, due to \$22,537 in billings from City departments such as San Francisco International Airport, Municipal Transportation Agency, and Port of San Francisco as a result of increased operation due to easing of COVID-19 restrictions and \$14,980 in CRR credits from California Independent System Operator (CAISO), offset by a decrease of \$659 in resale of capacity to CleanPowerSF. Rents increased slightly by \$1 or 0.7% to \$137 mainly due to consumer price index adjustment.

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Interest and investment loss was \$4,001, a decrease of \$4,025, mainly due to unrealized losses as a result of the decline in market value of investments related to rising interest rates.

Other non-operating revenues were \$15,763, a decrease of \$3,510 or 18.2%, mainly due to lower collections of \$3,254 from the Power System Mitigation Project, \$1,371 in Cap and Trade revenue due to decrease of 97,000 allowances or 80% sold, \$1,194 in revenue from Alice Griffith Housing Project due to prior year recognition of commercial deposits, \$797 in settlement revenue from prior year litigation settlement, and \$335 in overhead charges, offset by an increase of \$3,441 in State and Federal grants revenue from Rim Fire Project and California Utility Arrearages Relief Payment Program for unpaid bills.

Total operating expenses, excluding interest expenses, other non-operating expenses, and amortization of premium, discount, and issuance costs, increased by \$10,703 or 7.3%, to \$156,343. The increase was primarily due to increases of \$15,559 in purchased electricity and transmission, distribution, and other power costs due to volatile and increased pricing in power market, \$2,119 in depreciation and amortization mainly for buildings, facilities, machinery, and equipment related to higher capitalization of assets, \$754 in contractual services mainly for management consulting and engineering services, \$280 in materials and supplies mainly for electrical supplies and tools, and \$116 in services provided by other departments mainly due to higher risk management costs. The increases were offset by decreases of \$6,110 in personnel services due to lower pension obligations based on actuarial reports, \$1,420 in general and administrative expenses mainly due to lower judgements and claims expenses, and \$595 decrease in other operating expenses mainly due to higher capitalized project expenses.

Interest expenses increased by \$3,655 or 185.3% mainly due to no bond interest capitalization recognized in current year resulting from the implementation of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Amortization of premium and discount increased by \$411 or 187.7% mainly due to costs of issuance for 2021 Series AB revenue bond.

Other non-operating expenses were \$591, a decrease of \$311 or 34.5% mainly due to lower payments for GoSolarSF Incentive Program. Transfer out of \$532 includes \$500 to General Fund for repayment of Educational Revenue Augmentation Funds and \$32 to the Office of the City's Administrator for the Surety Bond Program.

As a result of the above activities, net position for the year ended June 30, 2022 increased by \$21,719 or 4.6% compared to prior year.

The following table summarizes CleanPowerSF's revenues, expenses, and changes in net position.

Table 2C – C
Proprietary Fund – CleanPowerSF
Comparative Condensed Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2023, 2022, and 2021

	2023	Restated 2022[#]	2021	2023 - 2022 Change	2022 - 2021 Change
Revenues:					
Charges for services	\$ 326,777	257,893	207,698	68,884	50,195
Interest and investment income/(loss)	405	(1,286)	51	1,691	(1,337)
Other non-operating revenues	1,498	2,759	927	(1,261)	1,832
Total revenues	<u>328,680</u>	<u>259,366</u>	<u>208,676</u>	<u>69,314</u>	<u>50,690</u>
Expenses:					
Operating expenses	294,780	262,117	212,711	32,663	49,406
Interest expenses	1	6	26	(5)	(20)
Non-operating expenses	218	—	—	218	—
Total expenses	<u>294,999</u>	<u>262,123</u>	<u>212,737</u>	<u>32,876</u>	<u>49,386</u>
Change in net position	<u>33,681</u>	<u>(2,757)</u>	<u>(4,061)</u>	<u>36,438</u>	<u>1,304</u>
Net position at beginning of year	84,320	87,077	91,138	(2,757)	(4,061)
Net position at end of year	<u>\$ 118,001</u>	<u>84,320</u>	<u>87,077</u>	<u>33,681</u>	<u>(2,757)</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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CleanPowerSF Results of Operations, Fiscal Year 2023

CleanPowerSF's total revenues were \$328,680, a \$69,314 or 26.7% increase over prior year (see Table 2C-C). Charges for services increased by \$68,884 or 26.7% mainly due to \$70,629 in electricity sales to retail and commercial customers from increased consumption of 1.1% or 30,441 MWh, offset by \$997 in lower capacity sales to Hetchy Power and \$748 increase in allowance for uncollectible attributed to lower assistance received from CAPP for eligible customer account arrearages. Interest and investment income was \$405, an increase of \$1,691 mainly due to decrease in unrealized loss in City Treasury pooled investments attributed to improved market value of investments and higher interest rates. Other non-operating revenue decreased by \$1,261 mainly due to \$1,251 decrease in Federal grants received from CAPP and \$330 in liquidated damage compensation received from supplier for delay of the Renewable Energy Project in prior year, offset by an increase of \$320 in revenue mainly from Disadvantaged Communities (DAC) Programs.

Total operating expenses, excluding interest expenses were \$294,780, an increase of \$32,663 or 12.5% from prior year. Purchased electricity and transmission, distribution, and other power costs increased by \$25,640 due to volatile and increased pricing in power market, and higher resource adequacy capacity purchases related to compliance requirements from the CPUC. Other increases include \$6,568 in personnel services due to higher personnel and fringe benefit costs and 5.25% increase in COLA, \$681 in services provided by other departments mainly due to higher bureau allocations related to accounting services support from the Controller's Office, \$112 in other operating expenses mainly due to higher bureau allocations, and \$24 in material and supplies mainly for minor data processing equipment. These increases were offset by decreases of \$221 in professional and contractual services mainly from lower management consulting and financial services, \$115 in depreciation and amortization due to lease termination for 544 Golden Gate, and \$26 in general and administrative due to lower bank fees. Other non-operating expenses increased by \$218 in solar rebates for the Inverter Replacement Program. Interest expenses were \$1, a decrease of \$5 related to lease termination.

As a result of the above activities, net position for the year ended June 30, 2023 increased by \$33,681 or 39.9% compared to prior year.

CleanPowerSF Results of Operations, Fiscal Year 2022

CleanPowerSF's total revenues were \$259,366, a \$50,690 or 24.3% increase over prior year (see Table 2C-C). Charges for services increased by \$50,195 or 24.2% mainly due to increases of \$44,215 in electricity sales to retail and commercial customers resulting from a 16% average rate increase, \$2,831 reduction in allowance for doubtful accounts attributed to assistance received from California Utility Arrearages Relief Payment Program (CAPP) for eligible customer account arrearages, \$2,817 in one-time customer assistance bill credit related to COVID-19 in prior year, and \$332 from higher capacity sales to Hetchy Power. Other non-operating revenue increased by \$1,832 mainly due to \$2,424 Federal grants received from CAPP, offset by a decrease of \$592 liquidated damage compensation received from supplier for delay of the Renewable Energy Project in prior year. Interest and investment loss was \$1,286 as a result of the decline in market value of investments related to rising interest rates.

Total operating expenses, excluding interest expenses were \$262,117, an increase of \$49,406 or 23.2% from prior year. The increase was due to \$48,749 in purchased electricity and transmission, distribution, and other power costs due to volatile and increased pricing in power market, and higher resource adequacy capacity purchases related to compliance requirements from the California Public Utilities Commission. Other operating expenses increased by \$2,895 due to \$2,424 grant expense recognized for CAPP when applied to customer account arrearages and \$471 in operating expenses mainly for the Neighborhood Steward Program and the new Local Renewable Energy. Other increases included \$1,394 in general and administrative expenses mainly due to higher judgements and claims expenses, \$102 in professional and contractual services mainly from higher software licensing fee, \$40 in depreciation and amortization due to implementation of GASB Statement No. 96, *SBITAs*, and \$7 in material and supplies mainly for data processing equipment. These increases were offset by decreases of \$3,474 in personnel services due to lower pension obligations based on actuarial reports, \$307 in services provided by other departments mainly due to lower labor support from Hetchy Power. Interest expenses decreased by \$20 mainly due to repayment of working capital loan to Hetchy Power completed in prior year.

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As a result of the above activities, net position for the year ended June 30, 2022 decreased by \$2,757 or 3.2% compared to prior year.

Capital Assets

Department-wide Business Type Activities

The following table summarizes the department-wide changes in capital assets. Detailed discussion follows for each proprietary fund.

**Table 3
Business Type Activities
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Facilities, improvements, machinery, and equipment	\$ 7,865,615	7,767,562	7,595,329	98,053	172,233
Intangible assets	33,816	34,731	35,102	(915)	(371)
Land and rights-of-way	163,075	163,194	154,001	(119)	9,193
Land Improvements	6,733	—	—	6,733	—
Construction work in progress	3,130,427	2,485,201	2,079,754	645,226	405,447
Total	\$ 11,199,666	10,450,688	9,864,186	748,978	586,502

The following table summarizes Water's changes in capital assets.

**Table 3A
Proprietary Fund – Water
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Facilities, improvements, machinery, and equipment	\$ 5,005,667	5,056,747	4,948,186	(51,080)	108,561
Intangible assets	2,331	3,152	2,763	(821)	389
Land and rights-of-way	113,322	113,441	104,248	(119)	9,193
Construction work in progress	526,994	444,254	532,602	82,740	(88,348)
Total	\$ 5,648,314	5,617,594	5,587,799	30,720	29,795

Water Capital Assets, Fiscal Year 2023

The Water Enterprise has net capital assets of \$5,648,314 invested in a broad range of utility capital assets as of June 30, 2023 (see Table 3A). The investment in capital assets includes land, facilities, improvements, water treatment plants, aqueducts, water transmission, distribution mains, water storage facilities, pump stations, water reclamation facilities, machinery, and equipment. The Water Enterprise's net revenue and long term debt are used to finance capital investments. Capital assets, net of accumulated depreciation and amortization, increased by \$30,720 from the prior year. Facilities, improvements, machinery, and equipment decreased by \$51,080 mainly due to depreciation. Intangible assets decreased by \$821 mainly due to amortization. Land decreased by \$119 from the sale of Balboa Reservoir. Construction work in progress increased by \$82,740 mainly from the Mountain Tunnel Improvement and SF Westside Recycled Water projects.

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Major additions to construction work in progress during the year ended June 30, 2023 include the following:

Mountain Tunnel Improvements	\$ 22,623
SF Westside Recycled Water Project	9,400
New Water Utility Service Facilities	7,594
Water Main Replacement and Auxiliary Water Supply System Pipeline - 19th Ave	7,183
College Hill Reservoir Outlet and Pipeline	7,087
Sunol Valley Water Treatment Plant Ozonation	6,987
Water Main Replacement - WD-2718 Prospect/Cortland/Fair Ave	5,987
Harry Tracy Water Treatment Plant - Filters No. 1 to 6 Underdrain Replacement	5,939
Water Main Replacement - WD-2859 Taraval Segment B	5,649
San Joaquin Pipeline Valve and Safe Entry Improvements	5,486
Water Main Replacement - WD-2843 Diamond/27th/28th Streets	5,372
Water Main Replacement - WD-2806 Vicente Street/19th to 25th Ave	5,189
Regional Groundwater Storage and Recovery	5,152
Other project additions individually below \$5,000	<u>80,743</u>
Total	<u>\$ 180,391</u>

Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2023 include the following:

Auxiliary Water Supply System Pumping Station No. 2 Improvement - Structural System	\$ 14,683
Water Main Replacement - WD-2811 17th/Clayton/Ord Streets	11,240
New Water Utility Service Facilities	7,594
Water Main Replacement - 19th Ave	7,018
Auxiliary Water Supply System Pumping Station No. 2 Improvement - Diesel Engine Generator	6,235
Other items individually below \$5,000	<u>54,730</u>
Total	<u>\$ 101,500</u>

See Note 4 for additional information about capital assets.

Water System Improvement Program (WSIP)

The WSIP delivers capital improvements that enhance the Water Enterprise's ability to provide reliable, affordable, high-quality drinking water to its 27 wholesale customers and regional retail customers in Alameda, Santa Clara, and San Mateo Counties, as well as approximately 800,000 residential customers in San Francisco, in an environmentally sustainable manner. The program is structured to cost-effectively meet water quality requirements and long-term water supply objectives, as well as improve seismic and delivery reliability.

Overall, the \$4.8 billion WSIP to upgrade the City of San Francisco's regional and local drinking water systems is 99% completed with \$4.8 billion of project appropriations expended through fiscal year ended June 30, 2023. The program consists of 35 local projects located within San Francisco and 52 regional projects spread over seven different counties from the Sierra Foothills to San Francisco. As of June 30, 2023, 35 local projects were completed. For regional projects, 48 projects were completed, the Alameda Creek Recapture and Regional Groundwater Storage projects are under construction, the Bioregional Habitat Restoration project is in close-out, and Long-Term Mitigation Endowment project is not applicable as it does not include construction. The expected completion date is February 2027. Additional details regarding the WSIP are available at <https://sfpuc.org/construction-contracts/water-infrastructure-improvements>.

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Water Capital Assets, Fiscal Year 2022

The Water Enterprise has net capital assets of \$5,617,594 invested in a broad range of utility capital assets as of June 30, 2022 (see Table 3A). The investment in capital assets includes land, facilities, improvements, water treatment plants, aqueducts, water transmission, distribution mains, water storage facilities, pump stations, water reclamation facilities, machinery, and equipment. The Water Enterprise's net revenue and long term debt are used to finance capital investments. Capital assets, net of accumulated depreciation and amortization, increased by \$29,795 from the prior year. Facilities, improvements, machinery, and equipment increased by \$108,561 mainly due to Water Main Replacement and Treasure Island Well projects. Land increased by \$9,193 mainly from the acquisition of Oak Ridge Ranch Estates and Arroyo Hondo Estates. Construction work in progress decreased by \$88,348 mainly due to Water Main Replacement and Treasure Island Well projects placed into service. Intangible assets increased by \$389 mainly due to Java to Groovy Conversion software and Cross-Connection Assembly asset additions.

Major additions to construction work in progress during the year ended June 30, 2022 include the following:

SF Recycled Water Project	\$ 18,684
Sunol Long Term Improvements	17,655
New Water Utility Services	8,843
Watershed Right of Way Land Acquisition	7,731
Upper Alameda Creek Filter Gallery	6,347
Regional Groundwater Storage & Recovery	5,769
Water Main Replacement - WD-2739 Castro/19th/26th Streets	5,504
Auxiliary Water Supply System - Pump Station Number 2	5,116
Other project additions individually below \$5,000	<u>99,542</u>
Total	<u>\$ 175,191</u>

Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2022 include the following:

Water Main Replacement - WD-2739 Castro/19th/26th Streets	\$ 15,666
Treasure Island Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	11,656
Serramonte Well - Architectural/Structural/Well	10,977
Lake Merced Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	8,851
New Water Utility Service Facilities	8,843
Colma BART Well - Architectural/Structural/Well	8,739
Serramonte Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	8,351
Colma BART Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	7,826
Treasure Island Well - Architectural/Structural/Well	7,646
Hickey Well - Architectural/Structural/Well	7,137
Auxiliary Water Supply System - Pipelines on 19th Ave	6,990
Linear Park Well - Architectural/Structural/Well	6,576
Water Main Replacement - WD-2616 Baker/Sutter Streets	6,567
Hickey Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	6,465
Funeral Home Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	6,447
Millbrae Yard Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	6,086
Linear Park Well - Civil/Electrical/I&C/Mechanical/Pipeline/Plumbing	5,736
Water Main Replacement - WD-2842 Casitas/Lansdale Ave	5,423
Lake Merced Well - Architectural/Structural/Well	5,266
Other items individually below \$5,000	<u>113,430</u>
Total	<u>\$ 264,678</u>

See Note 4 for additional information about capital assets.

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Water System Improvement Program (WSIP)

The WSIP delivers capital improvements that enhance the Water Enterprise's ability to provide reliable, affordable, high-quality drinking water to its 27 wholesale customers and regional retail customers in Alameda, Santa Clara, and San Mateo Counties, as well as approximately 800,000 residential customers in San Francisco, in an environmentally sustainable manner. The program is structured to cost-effectively meet water quality requirements and long-term water supply objectives, as well as improve seismic and delivery reliability.

Overall, the \$4.8 billion WSIP to upgrade the City of San Francisco's regional and local drinking water systems is 99% completed with \$4.8 billion of project appropriations expended through fiscal year ended June 30, 2022. The program consists of 35 local projects located within San Francisco and 52 regional projects spread over seven different counties from the Sierra Foothills to San Francisco. As of June 30, 2022, 35 local projects were completed. For regional projects, 47 projects are completed, the Alameda Creek Recapture, Regional Groundwater Storage and Recovery Phase 2A, Regional Groundwater Storage and Recovery Phase 2B projects are under construction, the Bioregional Habitat Restoration project is in close-out, and Long-Term Mitigation Endowment project is not applicable as it does not include construction. The expected completion date is February 2027. Additional details regarding the WSIP are available at <https://sfpub.org/construction-contracts/water-infrastructure-improvements>.

The following table summarizes Wastewater's changes in capital assets.

Table 3B
Proprietary Fund – Wastewater
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022</u> <u>Change</u>	<u>2022 - 2021</u> <u>Change</u>
Facilities, improvements, machinery, and equipment	\$ 2,393,051	2,270,355	2,214,227	122,696	56,128
Intangible assets	7,333	7,107	7,407	226	(300)
Land and rights-of-way	44,572	44,572	44,572	—	—
Land Improvements	6,733	—	—	6,733	—
Construction work in progress	2,232,963	1,724,417	1,340,644	508,546	383,773
Total	\$ 4,684,652	4,046,451	3,606,850	638,201	439,601

Wastewater Capital Assets, Fiscal Year 2023

The Wastewater Enterprise has capital assets of \$4,684,652, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2023 (see Table 3B). This amount represents an increase of \$638,201 or 15.8% from prior fiscal year. The investment in capital assets includes land, buildings, improvements, wastewater treatment plants, sewer pipes and mains, underground transport and storage boxes, pump stations, machinery, and equipment. Construction work in progress increased by \$508,546 or 29.5%. Facilities, improvements, machinery, and equipment increased by \$122,696 or 5.4%. Land improvements increased by \$6,733 or 100% relating to improvements for the Southeast Community Center Project. Intangible assets increased by \$226 or 3.2% due to asset addition of \$1,212 for the Customer Billing System Project, offset by \$986 depreciation expense.

Major additions to construction work in progress during the year ended June 30, 2023 include the following:

Southeast Plant Biosolids and Digester Facilities Project	\$ 332,775
Southeast Plant New Headworks (Grit) Replacement	157,143
Westside Pump Station Reliability Improvements	14,226
Large Diameter Sewer Projects and Channel Force Main Intertie	13,125
As-Needed Spot Sewer Replacement Number 42 (WW-699)	11,231
Southeast Community Center at 1550 Evans	9,794
Southeast Plant Power Feed and Primary Switchgear Upgrades	9,711
Oceanside Plant Digester Gas Handling Utilization Upgrade	9,195

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North Shore Pump Station Wet Weather Improvements	8,853
New Treasure Island Wastewater Treatment Plant Capital Improvements	8,851
Southeast Plant Facility-Wide Distributed Control System Upgrades	7,581
Wawona Area Stormwater Improvement Project	5,879
As-Needed Main Sewer Replacement Number 9 (WW-713)	5,618
Folsom Area Stormwater Improvement Project	5,403
As-Needed Spot Sewer Replacement Number 43 (WW-715)	4,959
Public Works Golden Gate Avenue and Laguna Street Project	4,612
Ocean Beach Climate Change Adaptation Project	4,585
Taraval Sewer Improvements	4,519
Lower Alemany Area Stormwater Improvement Project	4,425
16Th Street Sewer Replacement (Segment 2)	4,262
Oceanside Plant Condition Assessment Improvements - Part 2	4,208
Other project additions individually below \$4,000	<u>78,530</u>
Total	<u>\$ 709,485</u>

Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2023 include the following:

Southeast Community Center at 1550 Evans	\$ 111,510
Mariposa Pump Station & Force Main	35,852
As-Needed Spot Sewer Replacement Number 42 (WW-699)	12,531
Large Diameter Sewer Projects and Channel Force Main Intertie	9,182
Public Works 41st and 44th Avenue Infrastructure Improvements	7,042
Equipment Purchase, Repair & Replacement Project	6,076
Castro, 19th, 26th Street Water and Sewer Improvements - WD-2739	3,773
Other project additions individually below \$3,000	<u>18,887</u>
Total	<u>\$ 204,853 *</u>

*Does not include \$1,573 equipment transfers from the Department of Public Works (DPW).

See Note 4 for additional information about capital assets.

Sewer System Improvement Program (SSIP)

The Sewer System Improvement Program (SSIP) is the SFPUC's wastewater capital improvement program which includes multiple projects to improve the existing wastewater system. The implementation of the SSIP projects were originally phased over 20 years to maintain ratepayer affordability and minimize impacts to communities throughout the City. On March 22, 2016, the refined program scope and budget for \$7.0 billion was endorsed by the Commission along with the baseline for scope, schedule, and budget for Phase 1 projects totaling \$2.9 billion. The revised program is referred to as the "2016 SSIP Baseline".

As of June 30, 2023, 43 projects or 61.4% totaling \$457 million were completed, 7 projects in pre-construction phase, 11 projects in construction phase, and 9 projects in close-out phase. The SEP Seismic Reliability and Condition Assessment Improvements Project was completed on March 31, 2023 with reported project expenditures of \$33.6 million. This project represents immediate improvements to the existing facilities at Southeast Plant (SEP) identified as part of the condition assessment effort that are not specifically included as part of another near-term SSIP Phase 1 project. This project includes items for rehabilitation such as concrete spalling repair and seismic retrofit of priority process buildings. The Westside Pump Station Reliability Improvements is on-going construction. The project is reported at 86.2% complete and forecasted final completion is on June 27, 2024. Program expenditures as of June 30, 2023 totaled \$2,469.3 million. Additional details regarding the SSIP are available at <https://sfpuc.org/construction-contracts/sewer-system-improvement-program>.

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Wastewater Capital Assets, Fiscal Year 2022

The Wastewater Enterprise has capital assets of \$4,046,451, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2022 (see Table 3B). This amount represents an increase of \$439,601 or 12.2% from prior fiscal year. The investment in capital assets includes land, buildings, improvements, wastewater treatment plants, sewer pipes and mains, underground transport and storage boxes, pump stations, machinery, and equipment. Construction work in progress increased by \$383,773 or 28.6%. Facilities, improvements, machinery, and equipment increased by \$56,128 or 2.5%. Intangible assets decreased by \$300 or 4.1% due to \$872 depreciation expense and \$780 transfers out to non-capitalized repair and other expenses, offset by asset additions of \$1,352 for the Customer Billing System.

Major additions to construction work in progress during the year ended June 30, 2022 include the following:

Southeast Plant Biosolids and Digester Facilities Project	\$ 133,997
Southeast Plant New Headworks Grit Replacement	131,458
Southeast Community Center	30,582
Southeast Plant Power Feed and Primary Switchgear Upgrades	26,911
Wawona Area Stormwater Improvement Project	15,644
Westside Pump Station Reliability Improvements	13,895
North Shore Pump Station Wet Weather Improvements	13,366
Large Sewer Condition Improvements	11,656
As-Needed Spot Sewer Replacement Number 41 (WW-698)	9,514
Public Works 19th Avenue Infrastructure Improvements	8,782
Oceanside Plant Digester Gas Handling Utilization Upgrade	8,175
As-Needed Spot Sewer Replacement Number 40 (WW-693)	5,007
Various Locations Sewer Replacement Number 8 (WW-679)	4,927
Folsom Area Stormwater Improvement Project	4,728
Public Works 41st and 44th Avenues Infrastructure Improvements	4,676
Mariposa Dry-Weather Pump Station & Force Main Improvements	4,527
Taraval Sewer Improvements	4,401
Ocean Beach Climate Change Adaptation Project	4,301
Southeast Plant Facility-Wide Distributed Control System Upgrades	4,275
Other project additions individually below \$4,000	73,857
Total	<u>\$ 514,679</u>

Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the year ended June 30, 2022 include the following:

Southeast Plant Seismic Reliability and Condition Assessment Improvements	\$ 23,679
Force Main Rehabilitation at Embarcadero and Jackson Streets	11,480
As-Needed Spot Sewer Replacement Number 41 (WW-698)	9,571
Combined Sewer Discharge Backflow Prevention and Monitoring	9,029
Cargo Way Sewer Box Odor Reduction	8,615
Mission Street, 16th to Cesar Chavez Streets, Brick Sewer Rehabilitation	7,783
Public Works Various Locations Number 40 Infrastructure Improvements	6,575
Various Locations Sewer Replacement Number 8 (WW-679)	5,553
Various Locations Sewer Replacement Number 6 (WW-677)	5,347
As-Needed Spot Sewer Replacement Number 40 (WW-693)	5,006
Taraval Sewer Improvements	4,401
Public Works Sunset Parkside Pavement Renovations	4,360
Oceanside Plant Egg Shaped Digester Interior Lining Rehabilitation (WW-706)	3,499
Other project additions individually below \$3,000	26,181
Total	<u>\$ 131,079</u>

See Note 4 for additional information about capital assets.

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Sewer System Improvement Program (SSIP)

The Sewer System Improvement Program (SSIP) is the Wastewater Enterprise’s capital improvement program which includes multiple projects to improve the existing wastewater system. The implementation of the SSIP projects and their associated expenditures will be phased over 20 years. In March 2016, the refined program scope and budget increased from \$6.9 billion to \$7.0 billion was endorsed by the Commission, referred to as the “2016 SSIP Baseline”. In December 2020, the Commission approved the 2020 SSIP Baseline, increasing the budget for SSIP Phase 1 program to \$3,655 million from \$2,910.4 million in 2016. The SFPUC is transitioning away from the original intent of three distinct SSIP phases and instead implementing capital improvement projects as part of a rolling Ten-Year capital plan.

As of June 30, 2022, 38 projects or 54.3% totaling \$373 million were completed, 7 projects in pre-construction phase, 12 projects in construction phase, and 13 projects in close-out phase. The SEP 521/522 and Disinfection Upgrades Project was completed on June 30, 2021 with reported project expenditures of \$44.8 million. The major components of the project are modifications to the existing SEP 521 building to include a new Effluent Sampling Station, new DCS Control Station, and upgrade to the existing bathroom for ADA compliance, new building (SEP 522) to house electrical and hydraulic controls, among others. The Southeast Water Pollution Control Plant New Headworks Facility is on-going construction. The project is reported at 47.0% completion and forecasted final completion is on February 29, 2024. Program expenditures as of June 30, 2022 totaled \$1,943.8 million. Additional details regarding the SSIP are available at <https://sfpuc.org/construction-contracts/sewer-system-improvement-program>.

The following table summarizes Hetchy Water’s changes in capital assets.

Table 3C – A
Proprietary Fund – Hetchy Water
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2023, 2022, and 2021

	2023	2022	2021	2023 - 2022 Change	2022 - 2021 Change
Facilities, improvements, machinery, and equipmen \$	133,905	133,263	128,335	642	4,928
Intangible assets	10,167	10,374	10,581	(207)	(207)
Land and rights-of-way	3,232	3,232	3,232	—	—
Construction work in progress	72,450	54,138	35,333	18,312	18,805
Total	\$ 219,754	201,007	177,481	18,747	23,526

Hetchy Water Capital Assets, Fiscal Year 2023

Hetchy Water has capital assets of \$219,754, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2023 (see Table 3C-A). This amount represents an increase of \$18,747 or 9.3%, primarily due to increases of \$18,312 in construction work in progress and \$642 in facilities, improvements, machinery, and equipment, offset by a decrease of \$207 in amortization of intangible assets.

For the year ended June 30, 2023, Hetchy Water’s major additions to construction work in progress totaled \$25,032. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$6,762 (see Table 3D).

See Note 4 for additional information about capital assets.

Hetchy Water Capital Assets, Fiscal Year 2022

Hetchy Water has capital assets of \$201,007, net of accumulated depreciation and amortization, invested in a broad range of utility capital assets as of June 30, 2022 (see Table 3C-A). This amount represents an increase of \$23,526 or 13.3%, primarily due to increases of \$18,805 in construction work in progress and \$4,928 in facilities, improvements, machinery, and equipment, offset by a decrease of \$207 in amortization of intangible assets.

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For the year ended June 30, 2022, Hetchy Water's major additions to construction work in progress totaled \$29,654. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$11,013 (see Table 3E).

See Note 4 for additional information about capital assets.

The following table summarizes Hetchy Power's changes in capital assets.

Table 3C – B
Proprietary Fund – Hetchy Power
Capital Assets, Net of Accumulated Depreciation and Amortization
As of June 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022</u> <u>Change</u>	<u>2022 - 2021</u> <u>Change</u>
Facilities, improvements, machinery, and equipmen \$	332,992	307,197	304,581	25,795	2,616
Intangible assets	13,985	14,098	14,351	(113)	(253)
Land and rights-of-way	1,949	1,949	1,949	—	—
Construction work in progress	298,020	262,392	171,175	35,628	91,217
Total	<u>\$ 646,946</u>	<u>585,636</u>	<u>492,056</u>	<u>61,310</u>	<u>93,580</u>

Hetchy Power Capital Assets, Fiscal Year 2023

Hetchy Power has capital assets of \$646,946, net of accumulated depreciation and amortization, invested in utility capital assets as of June 30, 2023 (see Table 3C-B). This amount represents an increase of \$61,310 or 10.5%, primarily due to increases of \$35,628 in construction work in progress and \$25,795 in facilities, improvements, machinery, and equipment, offset by a decrease of \$113 in amortization of intangible assets.

For the year ended June 30, 2023, Hetchy Power's major additions to construction work in progress totaled \$75,348. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$43,392 (see Table 3D).

See Note 4 for additional information about capital assets.

Hetchy Power Capital Assets, Fiscal Year 2022

Hetchy Power has capital assets of \$585,636, net of accumulated depreciation and amortization, invested in utility capital assets as of June 30, 2022 (see Table 3C-B). This amount represents an increase of \$93,580 or 19.0%, primarily due to increases of \$91,217 in construction work in progress and \$2,616 in facilities, improvements, machinery, and equipment, offset by a decrease of \$253 in amortization of intangible assets.

For the year ended June 30, 2022, Hetchy Power's major additions to construction work in progress totaled \$110,859. Major depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service totaled \$19,974 (see Table 3E).

See Note 4 for additional information about capital assets.

CleanPowerSF Capital Assets

CleanPowerSF had no capital assets as of June 30, 2023 and 2022.

See Note 4 for additional information about capital assets.

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Major additions to construction work in progress, depreciable facilities, improvements, intangible assets, machinery, and equipment placed in service, including transfers of completed projects from construction work in progress, during the years ended June 30, 2023 and 2022 include the following:

Table 3D
Proprietary Funds – Hetchy Water and Hetchy Power
Major Additions to Construction Work in Progress and Facilities, Improvements, Intangible Assets, Machinery, and Equipment Placed in Service
Year ended June 30, 2023

	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>2023 Total</u>
Moccasin Powerhouse Rewind	\$ —	16,920	16,920
Mountain Tunnel Improvement Project	6,835	8,353	15,188
Bay Corridor Project	—	9,093	9,093
San Joaquin Pipeline Valve & Safe Entry Improvement	6,888	—	6,888
Transmission Line Clearance Mitigation Upgrade	—	6,061	6,061
Cluster 7 Mitigation	—	5,398	5,398
O'Shaughnessy Dam Outlet Works Phase 1	1,724	2,107	3,831
Treasure Island Capital Improvements	—	3,471	3,471
Moccasin Dam Long Term Improvement and Facilities Upgrade	1,518	1,856	3,374
Repair & Replacement Life Extension Program	3,149	—	3,149
Intervening Facilities	—	2,748	2,748
2023 March Winter Storm	874	1,068	1,942
Other project additions individually below \$1,500	4,044	18,273	22,317
Additions to Construction Work in Progress	\$ <u>25,032</u>	<u>75,348</u>	<u>100,380</u>
Van Ness Bus Rapid Transit	\$ —	13,916	13,916
Flow Control Facility Bypass Tunnel	3,291	4,022	7,313
Power Intervening Facilities	—	4,953	4,953
Mission Rock Phase I	—	2,075	2,075
Treasure Island Distribution Backbone	—	1,792	1,792
Yerba Buena Island Underground Distribution System	—	1,677	1,677
Marina Middle School Photovoltaic System	—	1,587	1,587
Other project additions individually below \$1,500	3,471	13,370	16,841
Facilities, Improvements, Intangible Assets, Machinery, and Equipment Placed in Service	\$ <u>6,762</u>	<u>43,392</u>	<u>50,154</u>

Table 3E
Proprietary Funds – Hetchy Water and Hetchy Power
Major Additions to Construction Work in Progress and Facilities, Improvements, Intangible Assets, Machinery, and Equipment Placed in Service
Year ended June 30, 2022

	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>2022 Total</u>
Bay Corridor Project	\$ —	46,608	46,608
Mountain Tunnel Improvement Project	16,638	20,335	36,973
Moccasin Powerhouse Rewind	—	12,368	12,368
O'Shaughnessy Dam Access & Drainage Improvements and Outlet Works	1,733	2,118	3,851
San Joaquin Pipeline Valve & Safe Entry Improvement	2,952	—	2,952
Repair and Replacement Life Extension Program	2,776	—	2,776
Intervening Facilities	—	2,758	2,758
Pier 70	—	2,739	2,739
Van Ness Bus Rapid Transit	—	2,423	2,423
Transmission Line Clearance Mitigation	—	1,711	1,711
Other project additions individually below \$1,500	5,555	19,799	25,354
Additions to Construction Work in Progress	\$ <u>29,654</u>	<u>110,859</u>	<u>140,513</u>
San Joaquin Pipeline Tesla Valves and Installation	\$ 4,410	—	4,410
O'Shaughnessy Dam Access & Drainage Improvements - Stairs and Fall Protection	1,931	2,360	4,291
Pier 70	—	1,720	1,720
Transmission Line Clearance Mitigation	—	1,508	1,508
Other project additions individually below \$1,500	4,672	14,386	19,058
Facilities, Improvements, Intangible Assets, Machinery, and Equipment Placed in Service	\$ <u>11,013</u>	<u>19,974</u>	<u>30,987</u>

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Debt Administration

Department-wide Business Type Activities

The following table summarizes the department-wide outstanding debt, net of unamortized costs, discount, and premium. Detailed discussion follows for each proprietary fund.

**Table 4
Business Type Activities
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Bonds	\$ 7,638,688	6,986,674	6,631,009	652,014	355,665
Revenue notes	349,556	350,356	—	(800)	350,356
Commercial paper	487,811	625,473	859,051	(137,662)	(233,578)
Certificates of participation	129,550	133,945	138,180	(4,395)	(4,235)
State revolving fund loans	482,316	424,420	215,966	57,896	208,454
Water Infrastructure Finance and Innovation Act (WIFIA) loans	122,357	—	—	122,357	—
Total	<u>\$ 9,210,278</u>	<u>8,520,868</u>	<u>7,844,206</u>	<u>689,410</u>	<u>676,662</u>

Water Debt Administration

As of June 30, 2023, the Water Enterprise had \$5,338,431 total debt outstanding, an increase of \$53,801 over the prior year, as shown below in Table 4A. More detailed information about the Water Enterprise's debt activity is presented in Notes 6, 7, 8 and 9 to the financial statements.

**Table 4A
Proprietary Fund – Water
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022 Change</u>	<u>2022 - 2021 Change</u>
Revenue bonds	\$ 4,710,846	4,860,935	4,994,775	(150,089)	(133,840)
Commercial paper	371,459	206,297	105,862	165,162	100,435
Certificates of participation	92,499	95,637	98,662	(3,138)	(3,025)
State revolving fund loans	163,627	121,761	107,407	41,866	14,354
Total	<u>\$ 5,338,431</u>	<u>5,284,630</u>	<u>5,306,706</u>	<u>53,801</u>	<u>(22,076)</u>

The decrease of \$150,089 in revenue bonds was due to decreases of \$125,285 from bond repayment, \$24,812 in bond premium from amortization, offset by a \$8 increase in bond discount from amortization. The \$3,138 decrease of certificates of participation was due to \$3,124 from principal repayment, and \$14 amortization of premium. The increase of \$41,866 in State revolving funds loans was mainly from additional reimbursement requests of \$32,102 for the Mountain Tunnel Improvement project and \$9,764 for SF Westside Recycled Water project. The Water Enterprise had \$343,767 in tax-exempt and \$27,692 in taxable commercial paper as of June 30, 2023, and \$179,600 in tax-exempt and \$26,697 in taxable commercial paper as of June 30, 2022. The increase of \$165,162 was due to additional issuances of \$164,167 in tax-exempt and \$995 in taxable commercial paper.

Credit Ratings and Bond Insurance – The Water Enterprise carried underlying ratings of “Aa2” and “AA-” from Moody's and Standard & Poor's (S&P) at June 30, 2023, and “Aa2” and “AA-” from Moody's and Standard & Poor's (S&P) at June 30, 2022, respectively.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Debt Service Coverage – Pursuant to the Amended and Restated Indenture, the Water Enterprise is required to collect sufficient net revenues each fiscal year, together with any Water Enterprise funds (except Bond Reserve Funds), which are available for payment of debt service and are not budgeted to be expended, at least equal to 1.25 times annual debt service for said fiscal year. During fiscal years 2023 and 2022, the Water Enterprise's net revenues, together with fund balances available to pay debt service and not budgeted to be expended, were sufficient to meet the rate covenant requirements under the Water Enterprise's Amended and Restated Indenture (see Note 9).

Debt Authorization – Pursuant to the Charter Section 8B.124, the Water Enterprise can incur indebtedness upon two-thirds vote of the Board of Supervisors, as approved by voters in Proposition E in November 2002. As of June 30, 2023, the Board of Supervisors has authorized the issuance of \$4,758,518 in revenue bonds under Proposition E, with \$3,903,617 issued against this authorization. The Water Enterprise can also incur indebtedness of up to \$1,628,000 for improvements to the water system pursuant to Proposition A that was approved by the voters in November 2002. As of June 30, 2023, \$1,499,230 of the \$1,628,000 Proposition A authorized bonds were issued. The Water Enterprise is also authorized to issue up to \$500,000 in commercial paper.

Cost of Debt Capital – The Water Enterprise's outstanding long-term debt has coupon interest rates ranging from 0.3% to 7.0% as of June 30, 2023 and 2022. The Water Enterprise's short-term debt has interest rates ranging from 1.2% to 5.3% during fiscal year 2023, and 0.1% to 2.0% during fiscal year 2022.

Wastewater Debt Administration

As of June 30, 2023, 2022, and 2021, the Wastewater Enterprise's debt from revenue bonds, revenue notes, commercial paper, certificates of participation, SRF, and WIFIA loans were \$3,551,970, \$2,988,713, and \$2,363,086, respectively, as shown in Table 4B. More detailed information about the Wastewater Enterprise's debt activity is presented in Notes 6, 7, 8 and 9 to the financial statements.

Table 4B
Proprietary Fund – Wastewater
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2023, 2022, and 2021

	2023	2022	2021	2023 - 2022 Change	2022 - 2021 Change
Revenue bonds	\$ 2,736,910	1,931,253	1,589,922	805,657	341,331
Revenue notes	349,556	350,356	—	(800)	350,356
Commercial paper	—	379,157	638,518	(379,157)	(259,361)
Certificates of participation	24,458	25,288	26,087	(830)	(799)
State revolving fund loans	318,689	302,659	108,559	16,030	194,100
Water Infrastructure Finance and Innovation Act (WIFIA) loans	122,357	—	—	122,357	—
Total	\$ 3,551,970	2,988,713	2,363,086	563,257	625,627

The increase of \$563,257 was mainly due to \$1,136,002 Revenue Bonds 2023 Series A (SSIP/Green), Series B (Non-SSIP), and Series C (Refunding – SSIP/Green) net of premium, \$153,932 Revenue Bonds 2022 Series B (Refunding) net of premium, \$177,564 issuance of commercial paper, \$122,357 new WIFIA loan for Biosolids Digester Facilities Project, and \$18,511 aggregate new SRF loans for the SEP New Headworks Replacement and OSP Digester Gas Utilization Upgrade projects, offset by \$556,721 refunding of commercial paper, \$419,505 aggregate refunded principal of revenue bond Series 2013AB and 2018C, \$37,652 repayment of outstanding debt, \$15,737 of premium amortizations, and \$15,494 refunded premium of revenue bond Series 2013AB.

Credit Ratings and Bond Insurance – As of June 30, 2023 and 2022, the Wastewater Enterprise carried underlying ratings of “Aa2” and “AA” from Moody’s and Standard & Poor’s (S&P), respectively.

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Debt Service Coverage – Pursuant to the Indenture for the Wastewater bonds, the Wastewater Enterprise covenants to collect sufficient net revenues each fiscal year, together with any Wastewater Enterprise funds (except Bond Reserve Funds) that are available for payment of debt service and are not budgeted to be expended, at least equal to 1.25 times annual debt service for said fiscal year. During fiscal years 2023 and 2022, the Wastewater Enterprise's net revenues, together with fund balances available to pay debt service and not budgeted to be expended, were sufficient to meet the rate covenant requirements under the Indenture (see Note 9).

Debt Authorization – Pursuant to the Charter Section 8B.124, the Wastewater Enterprise can incur indebtedness upon two-thirds vote of the Board of Supervisors. As of June 30, 2023, the Wastewater Enterprise had \$4,709,491 in combined debt issuance authorization from the Board of Supervisors under Proposition E, with \$4,242,615 issued against this authorization. The Wastewater Enterprise has a \$750,000 authorized commercial paper program, with \$0 in tax-exempt commercial paper outstanding as of June 30, 2023 and \$379,157 in tax-exempt commercial paper outstanding as of June 30, 2022.

Cost of Debt Capital – The coupon interest rates on the Wastewater Enterprise's outstanding revenue bonds ranged from 1.0% to 5.8%, with a blended true interest cost of 3.0%, after factoring in federal interest subsidy receipts on Build America Bonds at June 30, 2023. The 2009 Series C certificates of participation carried coupon interest rates from 2.0% to 5.0% and 2009 Series D certificates of participation carried coupon interest rates from 6.4% to 6.5% in fiscal years 2023 and 2022, respectively. The interest rates on short-term debt ranged from 0.9% to 3.1% during fiscal year 2023 and from 0.1% to 1.4% during fiscal year 2022. The State revolving fund loans (CWSRF loans) carried original interest rates ranging from 0.8% to 1.8% for a weighted average of 1.3% during fiscal year 2023. The State has elected to apply administrative service and grant charges to certain agreement repayment schedules in lieu of receiving interest payments; these charges will not affect the installment payments or increase the repayment amounts. The WIFIA loan carried interest rate of 1.5% during fiscal year 2023 and capitalized interest added to the principal balance of the WIFIA loan on each Semi-Annual Payment Date occurring during the Capitalized Interest Period.

Hetchy Water Debt Administration

Hetchy Water did not have debt outstanding as of June 30, 2023 and 2022. Debt, including bond issuances, associated with the funding of water-related, upcountry infrastructure capital improvements is issued through the Water Enterprise, and is reflected in the Water Enterprise's financial statements.

Hetchy Power Debt Administration

As of June 30, 2023 and 2022, Hetchy Power had outstanding debt of \$319,877 and \$247,525, respectively, as shown in Table 4C. More detailed information about the Hetchy Power's debt activity is presented in Notes 6, 7 8 and 9 to the financial statements.

Table 4C
Proprietary Fund – Hetchy Power
Outstanding Debt, Net of Unamortized Costs
As of June 30, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2023 - 2022</u> <u>Change</u>	<u>2022 - 2021</u> <u>Change</u>
Clean Renewable Energy Bonds 2008	\$ —	415	823	(415)	(408)
Certificates of Participation 2009 Series C	—	427	838	(427)	(411)
Certificates of Participation 2009 Series D (BABs)	12,593	12,593	12,593	—	—
Qualified Energy Conservation Bonds 2011	2,583	3,138	3,687	(555)	(549)
New Clean Renewable Energy Bonds 2015	1,491	1,637	1,779	(146)	(142)
2015 Series A Revenue Bonds	34,985	35,144	35,297	(159)	(153)
2015 Series B Revenue Bonds	2,948	3,849	4,726	(901)	(877)
2021 Series A Revenue Bonds	89,303	90,213	—	(910)	90,213
2021 Series B Revenue Bonds	59,622	60,090	—	(468)	60,090
Commercial Paper	116,352	40,019	114,671	76,333	(74,652)
Total	<u>\$ 319,877</u>	<u>247,525</u>	<u>174,414</u>	<u>72,352</u>	<u>73,111</u>

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The increase of \$72,352 was mainly due to \$76,333 increase in commercial paper, offset by bonds and certificates of participation principal repayments of \$2,397 and \$1,584 in amortization of premium and discount.

Credit Ratings and Bond Insurance – The Power Enterprise's Power Revenue Bonds have been rated "AA-" by Fitch Inc and "AA" by Standard and Poor's (S&P) as of June 30, 2023 and 2022, respectively.

In December 2020, Moody's Investors Service, ("Moody's") assigned a first-time A2 Issuer Rating to CleanPowerSF, with a stable outlook. Hetch Hetchy Water and Power contains the Power Enterprise as a separate enterprise fund, with CleanPowerSF a component unit of the Power Enterprise. CleanPowerSF is tracked and audited as a standalone fund, with financial statements, including revenues and expenses, separate and discrete from the Power Enterprise. As such, CleanPowerSF is deemed to be a separate credit from the Power Enterprise, with its own credit rating.

Debt Service Coverage – Pursuant to the Indenture, the Power Enterprise is required to collect sufficient net revenues each fiscal year, together with any Available Funds (except Bond Reserve Funds) which include unappropriated fund balances and reserves, and cash and book value of investments held by the Treasurer for the Hetchy Power, that the SFPUC reasonably expects would be available, to pay principal and interest becoming due and payable on all outstanding bonds as provided in the Indenture, less any refundable credits, at least equal to 1.25 times annual debt service for said fiscal year. The Series 2015 AB power revenue bonds represent the first series of senior lien revenue bonds of Hetchy Power. Pursuant to Power's Master Trust Indenture, senior lien debt service coverage excludes debt service on subordinate obligations, such as Hetchy Power's existing CREBS, NCREBs, and QECBs. During fiscal year 2023, the Power Enterprise's net revenues, together with fund balances available to pay debt service and not budgeted to be expended, were sufficient to meet the rate covenant requirements under the Power Enterprise's Indenture (see Note 9).

Debt Authorization – Pursuant to Charter Section 9.107(6), the Power Enterprise can incur indebtedness upon three-fourths vote of the Board of Supervisors, for the purpose of the reconstruction or replacement of existing water facilities and electric power facilities, or combinations thereof, under the jurisdiction of the Public Utilities Commission. Pursuant to Charter Section 9.107(8), the Power Enterprise can issue revenue bonds, without voter approval, upon an affirmative vote of the Board of Supervisors, for the purpose of the acquisition, construction, installation, equipping, improvement, or rehabilitation of equipment or facilities for renewable energy and energy conservation. Pursuant to Proposition A, approved by the San Francisco voters on June 5, 2018, City Charter Section 8B.124 is amended to authorize the Power Enterprise to enter into indebtedness, including revenue bonds, notes, commercial paper or other forms of indebtedness, when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors to reconstruct, replace, expand, repair, improve or construct new power facilities under the jurisdiction of SFPUC or for any other purpose of the Power Enterprise, and in compliance with City Charter Section 8B.124. Proposition A expressly prohibits the SFPUC from issuing bonds to finance the construction of power plants that generate electricity using fossil fuels or nuclear energy. As of June 30, 2023 and 2022, \$163,555 of Hetchy Power revenue bonds were issued against existing authorization of \$695,933 and \$555,043, respectively.

Cost of Debt Capital – The Power Enterprise's outstanding long-term senior lien debt consists of the 2015 Series AB and 2021 Series AB Power Revenue Bonds issued in May 2015 and December 2021, respectively, which are issued under the Master Indenture and are senior in lien to all the other Enterprise's outstanding debt obligations. Coupon interest rates range from 3.0% to 5.0%. The Power Enterprise has previously issued and incurred debt service on Tax Credit Bonds and certificates of participation, which constitute subordinate obligations. Interest rates on the Tax Credit Bonds, which include QECBs and NCREBs, ranging from 1.2% to 1.5% (net of the federal tax subsidy). Certificates of participation carried interest rates ranging from 2.0% to 6.5%. The Power Enterprise's short-term debt issued under its commercial paper program has interest rates ranging from 1.1% to 3.2% and 0.1% to 1.1% during fiscal years 2023 and 2022, respectively.

CleanPowerSF Debt Administration

CleanPowerSF did not have debt outstanding as of June 30, 2023 and 2022.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Rates and Charges

Water Enterprise Retail Customers

Proposition E, as approved by the voters in November 2002, amended the City Charter by adding the new Article VIII B, entitled "Public Utilities," which changed the Commission's ability to issue new revenue bonds and set retail water and wastewater rates. The Commission is required to:

- Establish rates, fees, and charges based on cost of service;
- Retain an independent rate consultant to conduct cost of service studies at least every five years;
- Consider establishing new connection fees;
- Consider conservation incentives and lifeline rates;
- Adopt a rolling five-year forecast annually; and
- Establish a Rate Fairness Board.

Pursuant to the City and County of San Francisco Charter Section 8B.125, an independent rate study is performed at least once every five years. In compliance with City Charter section 8B.125, a rate study was completed in spring 2023. In May 2023, the Commission subsequently adopted three years of retail rate increases from July 1, 2023 through June 30, 2026.

Other miscellaneous fees for service and charges were last approved in 2018, and generally increase annually by the Consumer Price Index from the Controller's Office of the City and County of San Francisco, or the 20-City Average Construction Index (CCI) published by Engineering News-Record (ENR) Magazine.

All current SFPUC Rates Schedules and Fees are available at <https://sfpuc.org/accounts-services/water-power-and-sewer-rates>.

Water Enterprise Wholesale Customers

The Water Supply Agreement (WSA) prescribes the rate setting process for the wholesale water rates. The WSA has a 25-year term, beginning on July 1, 2009, with two 5-year extension options, and was most recently amended and restated in January 2023. Compared to the prior contract with the wholesale customers, the WSA changed the rate basis by which the capital cost recovery is determined from a "utility basis" to a "cash basis," resulting in the repayment of the cost of capital over the life of the debt funding of those assets or at the time of budget appropriation and spending for revenue-funded capital projects, rather than the life of the asset. The WSA requires the rate be calculated and set annually and include a reconciliation between prior year revenues and expenses. Refer to Note 12 of the notes to financial statements for further discussion on the balancing account of the wholesale customers.

Wastewater Enterprise

Proposition E, as approved by the voters in November 2002, amended the City Charter by adding the new Article VIII B, entitled "Public Utilities," which changed the Commission's ability to issue new revenue bonds and set retail water and wastewater rates. The Commission is required to:

- Establish rates, fees, and charges based on cost of service;
- Retain an independent rate consultant to conduct cost of service studies at least every five years;
- Consider establishing new connection fees;
- Consider conservation incentives and lifeline rates;
- Adopt a rolling five-year forecast annually; and
- Establish a Rate Fairness Board.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

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(Dollars in thousands, unless otherwise stated)

Pursuant to the City and County of San Francisco Charter section 8B.125, an independent rate study is performed at least once every five years. In compliance with City Charter section 8B.125, a water and wastewater rate study were completed in May 2023. The Commission subsequently adopted three years of wastewater rate increases from July 1, 2023 through June 30, 2026. Other miscellaneous fees for service and charges were last approved in 2018, and generally increase annually by the Consumer Price Index from the Controller's Office of the City and County of San Francisco, or the 20-City Average Construction Index (CCI) published by Engineering News-Record (ENR) Magazine. All current SFPUC Rates Schedules and Fees are available at <https://sfpuc.org/accounts-services/water-power-sewer-rates/rates>.

The following table is the Water Enterprise's ten-year average rate adjustments:

Ten-year Average Rate Adjustments		
Effective date	Retail	Wholesale⁵
July 1, 2016	10.0 ¹	9.3
July 1, 2017	7.0 ¹	—
July 1, 2018	9.0 ²	—
July 1, 2019	8.0 ²	—
July 1, 2020	7.0 ²	—
July 1, 2021	7.0 ²	—
July 1, 2022	— ³	15.9
July 1, 2023	5.0 ⁴	9.7
July 1, 2024	5.0 ⁴	—
July 1, 2025	5.0 ⁴	—

¹ Four-year retail rate increases adopted and effective July 1, 2014.
² Four-year retail rate increases adopted and effective July 1, 2018.
³ No retail rate increase adopted and effective July 1, 2022.
⁴ Three-year retail rate increases adopted and effective July 1, 2023.
⁵ Wholesale rates adopted annually.

The following table is the Wastewater Enterprise's ten-year approved average rate adjustments:

Ten-year Average Rate Adjustments	
Effective Date	Rate
July 1, 2016	7.0 ¹ %
July 1, 2017	11.0 ¹
July 1, 2018	7.0 ²
July 1, 2019	7.0 ²
July 1, 2020	8.0 ²
July 1, 2021	8.0 ²
July 1, 2022	— ³
July 1, 2023	9.0 ⁴
July 1, 2024	9.0 ⁴
July 1, 2025	9.0 ⁴

¹ Four-year rate increases adopted and effective July 1, 2014.
² Four-year rate increases adopted and effective July 1, 2018.
³ No retail rate adjustment.
⁴ Three-year rate increases adopted and effective July 1, 2023.

Hetchy Water

Hetchy Water charges for services relates to the storage and delivery of water. The water-related portion of upcountry expenditures not covered by the small quantity of water sales to upcountry customers or other miscellaneous revenues are paid by an assessment to the Water Enterprise. Assessment fees were \$49,636 and \$45,815 for the years ended June 30, 2023 and 2022, respectively. In fiscal year 2024, the assessment fees will be \$46,266, a decrease of \$3,370 or 6.8% as reflected in the fiscal year 2024 adopted budget. The decrease is primarily due to higher projected water sales which offset a larger portion of the water-related expenditures.

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June 30, 2023 and 2022

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Hetchy Power

Hetchy Power charges for services relate to power generation and electricity delivery to contractual, municipal, and retail customers.

All current SFPUC Rates Schedules and Fees are available at <https://sfpuc.org/accounts-services/water-power-and-sewer-rates>.

Hetchy Power Municipal Rates

Departments of the City & County of San Francisco, as well as certain other non-City government agencies, are eligible for municipal power rates. Historically, municipal customers paid either the General Use rate, which was a subsidized rate below the cost of service, or an Enterprise rate, which was set to exactly follow the equivalent PG&E rate.

Based on the results of the 2022 Power Cost of Service Study, beginning in fiscal year 2023, all municipal customers are being transitioned to standardized tariff schedules set to their cost of service. For General Use customers, this means that a) instead of a single flat rate per kWh, customers are assigned to a rate schedule based on their customer class (small commercial, industrial, etc.), and b) the subsidy is being gradually eliminated until the General Use rate reaches the equivalent retail rate, which is projected to take 3 to 8 years, depending on the customer class. For Enterprise customers, their rates will no longer follow PG&E. Instead, they are set to a rate for their standardized customer class and will be phased to cost of service over two years. Beginning in fiscal year 2024, all Enterprise customers will be on the same rate schedules as retail non-municipal customers.

Hetchy Power Retail Rates

Based on the results of the 2022 Power Cost of Service Study, the Commission approved a two-year schedule of retail electric rates for residential, commercial, and industrial customers where Hetch Hetchy has been designated as the power provider to be applied to meter readings on or after July 1, 2022. These rates apply to all existing retail customers and are the default rates for any new Hetchy Power customers.

CleanPowerSF

CleanPowerSF began offering services in May 2016, giving residential and commercial electricity consumers in San Francisco a choice of having their electricity supplied from clean renewable sources, such as solar geothermal, hydroelectric and wind, at competitive rates. CleanPowerSF offers two products: a "Green" product comprised of at least 50% RPS-eligible renewable energy and a "SuperGreen" product comprised of 100% renewable energy. Most customers take service under the "Green" product rates and remaining customers have opted to upgrade to "SuperGreen" product rates.

Previously, rates were set formulaically, at a percentage above or below the equivalent PG&E generation rate. In addition, the formula required rates to be set high enough to recover its costs. Whenever PG&E rates changed, rates would automatically adjust following the set formula.

Based on the results of the 2022 Power Cost of Service Study, CleanPowerSF customers have now transitioned to fixed rate schedules for the entire fiscal year. The rates for each customer class are set based on their unique cost of service, which means that the percentage difference from the equivalent PG&E rates may vary based on the rate schedule and throughout the year as PG&E's rate change more frequently.

CleanPowerSF Rates Schedules are available at <http://cleanpowersf.org/residential> for residential customers and <http://cleanpowersf.org/commercial> for commercial customers.

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June 30, 2023 and 2022
(Dollars in thousands, unless otherwise stated)

Request for Information

This report is designed to provide our citizens, customers, investors, and creditors with an overview of the SFPUC's finances and to demonstrate the Department's accountability for the money it receives. Questions regarding any of the information provided in this report or requests for additional financial information should be addressed to San Francisco Public Utilities Commission, Chief Financial Officer, 525 Golden Gate Avenue, 13th Floor, San Francisco, CA 94102. This report is available at <https://sfpub.org/about-us/reports/audited-financial-statements-reports>.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Net Position
Proprietary Funds
June 30, 2023 and 2022
(In thousands)

Assets	Business Type Activities – Proprietary Funds												SFPUC Total	
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		2023	Restated
	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	2022	2023	Restated 2022#
Current assets:														
Cash and investments with City Treasury.....	\$ 402,885	460,954	355,770	285,029	76,973	94,190	224,234	189,641	98,657	56,234	—	—	1,158,519	1,086,048
Cash and investments outside City Treasury.....	192	318	173	397	—	1	154	16	—	—	—	—	519	732
Receivables:														
Charges for services (net of allowance for doubtful accounts of \$8,615, \$10,060, \$0, \$3,923, and \$7,923 in 2023 and \$3,915, \$4,273, \$0, \$1,297, and \$6,330 in 2022).....	63,943	61,740	40,093	40,321	405	475	12,277	10,189	41,625	48,703	—	—	158,343	161,428
Wholesale balancing account, current portion.....	5,571	—	—	—	—	—	—	—	—	—	—	—	5,571	—
Due from other City departments, current portion.....	115	178	128	225	—	—	1,134	867	—	—	(113) A	(111) B	1,264	1,159
Due from other governments.....	—	—	—	25	1,723	512	646	298	—	—	—	—	2,369	835
Interest.....	2,621	399	2,178	314	295	40	1,503	201	559	61	—	—	7,156	1,015
Interest-Leases.....	911	884	—	—	—	—	—	—	—	—	—	—	911	884
Restricted due from other governments.....	36,147	7,553	13,942	202,795	—	—	—	—	—	—	—	—	50,089	210,348
Leases receivable, current portion.....	3,521	3,325	212	—	—	—	—	—	—	—	—	—	3,733	3,325
Restricted interest and other receivable (net of allowance for doubtful accounts of \$30, \$99, \$0, \$0 and \$0 in 2023 and \$146, \$385, \$0, \$0 and \$0 in 2022).....	3,510	4,142	1,191	2,301	—	—	4,151	4,303	—	—	—	—	8,852	10,746
Total current receivables.....	116,339	78,221	57,744	245,981	2,423	1,027	19,711	15,858	42,184	48,764	(113)	(111)	238,288	389,740
Prepaid charges, advances, and other receivables, current portion.....	5,909	12,180	570	346	92	216	1,579	1,911	5,641	10,550	—	—	13,791	25,203
Inventory.....	8,191	6,802	3,340	2,958	221	199	1,619	1,678	—	—	—	—	13,371	11,637
Restricted cash and investments outside City Treasury, current portion.....	10,863	11,063	48,717	15,587	—	—	5,371	5,228	—	—	—	—	64,951	31,878
Total current assets.....	544,379	569,538	466,314	550,298	79,709	95,633	252,668	214,332	146,482	115,548	(113)	(111)	1,489,439	1,545,238
Non-current assets:														
Restricted Net pension asset.....	—	100,407	—	48,770	—	13,912	—	17,004	—	1,833	—	—	—	181,926
Restricted cash and investments with City Treasury.....	21,000	9,299	38,574	—	10,980	—	17,606	—	—	—	—	—	88,160	9,299
Restricted cash and investments outside City Treasury, less current portion..	66,482	64,894	66,439	23,771	—	—	3,840	8,824	—	—	—	—	136,761	97,489
Leases receivable, less current portion.....	40,109	42,840	1,245	—	—	—	—	—	—	—	—	—	41,354	42,840
Restricted interest and other receivable, and prepaid (net of allowance for doubtful accounts of \$8, \$29, \$0, \$0, and \$0 in 2023 and \$8, \$29, \$0, \$0, and \$0 in 2022).....	4	4	417	434	—	—	—	—	—	—	—	—	421	438
Charges for services, less current portion (net of allowance for doubtful accounts of \$656, \$566, \$0, \$0, and \$0 in 2023 and \$656, \$567, \$0, \$0, and \$0 in 2022).....	209	207	342	342	—	—	—	—	—	—	—	—	551	549
Wholesale balancing account, less current portion.....	4,481	—	—	—	—	—	—	—	—	—	—	—	4,481	—
Note receivable - Balboa Reservoir, less current portion.....	11,007	—	—	—	—	—	—	—	—	—	—	—	11,007	—
Prepaid charges, advances, and other receivables, less current portion.....	3,406	3,760	1,115	1,156	141	146	9,540	9,390	11,424	12,236	—	—	25,626	26,688
Right-to-use Lease assets, net of accumulated amortization.....	3,943	2,812	1,272	3,597	145	61	178	73	—	230	—	—	5,538	6,773
Right-to-use Subscription asset, net of accumulated amortization.....	695	1,577	422	957	137	314	114	256	30	71	—	—	1,398	3,175
Capital assets, not being depreciated and amortized.....	640,995	558,374	2,280,581	1,772,035	75,688	57,376	301,400	265,772	—	—	—	—	3,298,664	2,653,557
Capital assets, net of accumulated depreciation and amortization.....	5,007,319	5,059,220	2,404,071	2,274,416	144,066	143,631	345,546	319,864	—	—	—	—	7,901,002	7,797,131
Due from other City departments, less current portion.....	—	—	—	—	—	—	10,352	10,937	—	—	(405) A	(518) B	9,947	10,419
Total non-current assets.....	5,799,650	5,843,394	4,794,478	4,125,478	231,157	215,440	688,576	632,120	11,454	14,370	(405)	(518)	11,524,910	10,830,284
Total assets.....	6,344,029	6,412,932	5,260,792	4,675,776	310,866	311,073	941,244	846,452	157,936	129,918	(518)	(629)	13,014,349	12,375,522
Deferred outflows of resources														
Unamortized loss on refunding of debt.....	124,635	139,481	8	33	—	—	—	—	—	—	—	—	124,643	139,514
Pensions.....	70,101	52,852	32,592	25,369	8,858	6,696	10,826	8,183	1,292	852	—	—	123,669	93,952
Other post-employment benefits.....	28,616	32,445	11,493	12,898	3,248	3,272	3,969	3,999	1,009	798	—	—	48,335	53,412
Total deferred outflows of resources.....	\$ 223,352	224,778	44,093	38,300	12,106	9,968	14,795	12,162	2,301	1,650	—	—	296,647	286,878

(continued)

- A. Included interfund payables and interfund receivables for fiscal year 2023 of \$518 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs.
B. Included interfund payables and interfund receivables for fiscal year 2022 of \$629 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs.
#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Net Position
Proprietary Funds
June 30, 2023 and 2022
(In thousands)

	Business Type Activities – Proprietary Funds													
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		SFPU Total	
	2023	Restated 2022 [#]	2023	Restated 2022 [#]	2023	Restated 2022 [#]	2023	Restated 2022 [#]	2023	Restated 2022 [#]	2023	2022	2023	Restated 2022 [#]
Liabilities														
Current liabilities:														
Accounts payable.....	\$ 22,671	22,852	23,207	22,588	1,033	8,454	24,970	16,668	24,344	23,526	—	—	96,225	94,088
Accrued payroll.....	11,807	10,495	7,631	6,402	1,252	1,098	3,041	2,684	543	373	—	—	24,274	21,052
Accrued vacation and sick leave, current portion.....	7,057	6,888	6,040	5,479	1,132	1,034	1,867	1,747	394	279	—	—	16,490	15,427
Accrued workers' compensation, current portion.....	1,914	1,700	1,509	1,393	216	215	401	400	—	—	—	—	4,040	3,708
Due to other City departments, current portion.....	2,440	—	2,215	111	—	—	1,946	380	—	—	(113) C	(111) D	6,488	380
Damage claims liability, current portion.....	11,125	10,191	1,650	9,323	300	228	450	358	16	15	—	—	13,541	20,115
Unearned revenues, refunds, and other, current portion.....	13,977	19,137	6,457	6,137	110	24	5,880	5,923	6,146	4,196	—	—	32,570	35,417
Bond, loan, lease and subscription interest payable.....	35,104	35,455	27,918	21,468	2	3	1,597	1,329	—	1	—	—	64,621	58,256
Bonds, current portion.....	135,095	125,285	28,070	34,345	—	—	1,590	1,966	—	—	—	—	164,755	161,596
Certificates of participation, current portion.....	3,267	3,138	864	830	—	—	445	427	—	—	—	—	4,576	4,395
Commercial paper, current portion.....	—	206,297	—	379,157	—	—	—	40,019	—	—	—	—	—	625,473
State revolving funds loans payable, current portion.....	—	3,283	2,526	2,481	—	—	—	—	—	—	—	—	2,526	5,764
Lease liability, current portion.....	1,189	1,008	1,297	2,341	16	3	19	3	—	232	—	—	2,521	3,587
Subscription liability, current portion.....	400	848	243	515	80	170	65	137	18	39	—	—	806	1,709
Wholesale balancing account, current portion.....	—	48,422	—	—	—	—	—	—	—	—	—	—	—	48,422
Current liabilities payable from restricted assets.....	40,863	25,353	122,825	89,905	5,747	6,324	23,119	19,059	—	—	—	—	192,554	140,641
Total current liabilities.....	286,909	520,352	232,452	582,475	9,888	17,553	65,390	91,100	31,461	28,661	(113)	(111)	625,987	1,240,030
Long-term liabilities:														
Arbitrage rebate payable.....	—	—	188	—	—	—	—	—	—	—	—	—	188	—
Other post-employment benefits obligations.....	148,601	144,115	49,035	49,123	14,907	14,240	18,220	17,405	4,053	2,264	—	—	234,816	227,147
Net pension liability.....	115,343	—	49,549	—	14,105	—	17,239	—	2,124	—	—	—	198,360	—
Accrued vacation and sick leave, less current portion.....	6,528	6,841	5,622	5,422	1,134	1,135	1,849	1,850	349	267	—	—	15,482	15,515
Accrued workers' compensation, less current portion.....	7,821	7,273	6,489	6,153	1,003	1,013	1,837	1,850	—	—	—	—	17,150	16,289
Due to other City departments, less current portion.....	—	—	405	518	—	—	—	—	—	—	(405) C	(518) D	—	—
Damage claims liability, less current portion.....	8,500	25,878	2,700	2,722	400	399	5,700	665	18	17	—	—	17,318	29,681
Unearned revenues, refunds, and other, less current portion.....	—	—	—	—	—	110	580	804	—	9,000	—	—	580	9,914
Bonds, less current portion.....	4,575,751	4,735,650	2,708,840	1,896,908	—	—	189,342	192,520	—	—	—	—	7,473,933	6,825,078
Revenue Notes, less current portion.....	—	—	349,556	350,356	—	—	—	—	—	—	—	—	349,556	350,356
Certificates of participation, less current portion.....	89,232	92,499	23,594	24,458	—	—	12,148	12,593	—	—	—	—	124,974	129,550
Commercial paper, less current portion.....	371,459	—	—	—	—	—	116,352	—	—	—	—	—	487,811	—
State revolving funds loans payable, less current portion.....	163,627	118,478	316,163	300,178	—	—	—	—	—	—	—	—	479,790	418,656
Water Infrastructure Finance and Innovation Act (WIFIA) loans.....	—	—	122,357	—	—	—	—	—	—	—	—	—	122,357	—
Lease liability, less current portion.....	2,821	1,855	—	1,297	122	59	150	72	—	—	—	—	3,093	3,283
Subscription liability, less current portion.....	308	708	186	429	59	139	51	116	13	31	—	—	617	1,423
Wholesale balancing account, less current portion.....	—	30,728	—	—	—	—	—	—	—	—	—	—	—	30,728
Pollution remediation obligations.....	1,271	1,271	7,800	8,060	—	—	—	—	—	—	—	—	9,071	9,331
Total long-term liabilities.....	5,491,262	5,165,296	3,642,484	2,645,624	31,730	17,095	363,468	227,875	6,557	11,579	(405)	(518)	9,535,096	8,066,951
Total liabilities.....	5,778,171	5,685,648	3,874,936	3,228,099	41,618	34,648	428,858	318,975	38,018	40,240	(518)	(629)	10,161,083	9,306,981
Deferred inflows of resources														
Unamortized gain on refunding of debt.....	—	—	11,353	—	—	—	—	—	—	—	—	—	11,353	—
Related to pensions.....	28,504	248,704	10,023	114,670	4,142	34,477	5,062	42,138	1,296	5,414	—	—	49,027	445,403
Leases.....	41,558	44,583	1,453	—	—	—	—	—	—	—	—	—	43,011	44,583
Other post-employment benefits.....	27,075	25,348	8,286	8,640	3,084	2,734	3,769	3,342	2,922	1,594	—	—	45,136	41,658
Total deferred inflows of resources.....	97,137	318,635	31,115	123,310	7,226	37,211	8,831	45,480	4,218	7,008	—	—	148,527	531,644
Net position														
Net investment in capital assets.....	545,542	584,646	1,235,215	1,092,710	219,754	201,007	336,281	352,162	—	—	—	—	2,336,792	2,230,525
Restricted for debt service.....	14,625	14,671	3,510	5,391	—	—	56	140	—	—	—	—	18,191	20,202
Restricted for capital projects.....	15,959	—	—	114,657	5,233	—	—	—	—	—	—	—	21,192	114,657
Restricted for other purposes.....	—	100,407	—	48,770	—	13,912	—	17,004	—	1,833	—	—	—	181,926
Unrestricted.....	115,947	(66,297)	160,109	101,139	49,141	34,263	182,013	124,873	118,001	82,487	—	—	625,211	276,465
Total net position.....	\$ 692,073	633,427	1,398,834	1,362,667	274,128	249,182	518,350	494,179	118,001	84,320	—	—	3,001,386	2,823,775

C. Included interfund payables and interfund receivables for fiscal year 2023 of \$518 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs.

D. Included interfund payables and interfund receivables for fiscal year 2022 of \$629 between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters construction costs.

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
June 30, 2023 and 2022
(In thousands)

	Business Type Activities – Proprietary Funds											
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#
Operating revenues:												
Charges for services.....	\$ 661,241	539,526	354,491	356,041	52,570	49,200	203,847	173,105	326,777	257,893	1,598,926	1,375,765
Rents and concessions.....	13,282	13,765	822	705	127	112	156	137	—	—	14,387	14,719
Capacity fees.....	1,256	2,163	3,077	6,280	—	—	—	—	—	—	4,333	8,443
Other revenues.....	15,312	17,663	5,546	5,856	—	—	—	—	—	—	20,858	23,519
Total operating revenues.....	691,091	573,117	363,936	368,882	52,697	49,312	204,003	173,242	326,777	257,893	1,638,504	1,422,446
Operating expenses:												
Personnel services.....	135,709	83,385	89,726	63,456	18,424	15,636	39,300	34,646	10,735	4,167	293,894	201,290
Contractual services.....	16,919	12,562	20,777	18,572	2,956	2,675	10,819	9,459	6,559	6,780	58,030	50,048
Transmission/distribution and other power costs.....	—	—	—	—	—	—	70,580	51,521	226	192	70,806	51,713
Purchased electricity.....	—	—	—	—	—	—	8,078	6,731	265,152	239,546	273,230	246,277
Materials and supplies.....	20,046	15,719	14,306	11,844	1,605	1,362	2,612	2,270	57	33	38,626	31,228
Depreciation and amortization.....	155,714	148,777	78,039	78,105	6,524	6,480	17,877	17,769	270	385	258,424	251,516
Services provided by other departments.....	79,910	73,307	40,999	39,645	3,392	3,129	8,674	6,253	4,302	3,621	137,277	125,955
General and administrative and other.....	51,955	68,014	17,503	45,536	17,110	23,017	33,612	27,694	7,479	7,393	127,659	171,654
Total operating expenses.....	460,253	401,764	261,350	257,158	50,011	52,299	191,552	156,343	294,780	262,117	1,257,946	1,129,681
Operating income (loss).....	230,838	171,353	102,586	111,724	2,686	(2,987)	12,451	16,899	31,997	(4,224)	380,558	292,765
Non-operating revenues (expenses):												
Federal and state grants.....	—	5,931	152	20,711	1,627	450	937	4,924	1,173	2,424	3,889	34,440
Interest and investment income (loss).....	11,156	(10,896)	2,556	(7,087)	457	(2,932)	3,741	(4,001)	405	(1,286)	18,315	(26,202)
Interest expenses.....	(214,913)	(213,681)	(95,520)	(77,751)	(4)	(3)	(9,486)	(5,627)	(1)	(6)	(319,924)	(297,068)
Amortization of premium, discount, refunding loss, and issuance costs...	9,971	9,875	14,387	8,422	—	—	1,584	(192)	—	—	25,942	18,105
Net gain from sale of assets.....	12,660	1,079	114	22	4	7	3	9	—	—	12,781	1,117
Other non-operating revenues.....	28,019	34,861	9,644	4,721	230	22	12,665	10,830	325	335	50,883	50,769
Other Non-operating expenses.....	(1,775)	(828)	(535)	(482)	(54)	(37)	(227)	(591)	(218)	—	(2,809)	(1,938)
Net non-operating revenues (expenses).....	(154,882)	(173,659)	(69,202)	(51,444)	2,260	(2,493)	9,217	5,352	1,684	1,467	(210,923)	(220,777)
Change in net position before capital contributions and transfers.....	75,956	(2,306)	33,384	60,280	4,946	(5,480)	21,668	22,251	33,681	(2,757)	169,635	71,988
Capital contributions.....	2,717	—	2,740	—	—	—	2,535	—	—	—	7,992	—
Transfers from the City and County of San Francisco.....	5	15,035	75	—	20,000	30,001	—	—	—	—	20,080	45,036
Transfers to the City and County of San Francisco.....	(20,032)	(30,666)	(32)	(161)	—	—	(32)	(532)	—	—	(20,096)	(31,359)
Net capital contributions and transfers.....	(17,310)	(15,631)	2,783	(161)	20,000	30,001	2,503	(532)	—	—	7,976	13,677
Change in net position.....	58,646	(17,937)	36,167	60,119	24,946	24,521	24,171	21,719	33,681	(2,757)	177,611	85,665
Net position at beginning of year.....	633,427	651,364	1,362,667	1,302,548	249,182	224,661	494,179	472,460	84,320	87,077	2,823,775	2,738,110
Net position at end of year.....	\$ 692,073	633,427	1,398,834	1,362,667	274,128	249,182	518,350	494,179	118,001	84,320	3,001,386	2,823,775

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*. See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Statements of Cash Flows
Proprietary Funds
Years ended June 30, 2023 and 2022
(In thousands)

	Business Type Activities – Proprietary Funds											
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#	2023	Restated 2022#
Cash flows from operating activities:												
Cash received from customers, including cash deposits.....	\$ 582,603	570,183 [*]	364,180	360,654	52,640	49,161	201,707	183,203	324,730	237,947	1,525,860	1,401,148
Cash received from tenants for rent.....	13,098	15,032	3,126	1,035	129	114	158	139	—	—	16,511	16,320
Cash received from miscellaneous revenues.....	4,832	4,558	686	667	30	22	8,689	7,237	6	335	14,243	12,819
Cash paid to employees for services.....	(142,866)	(137,080)	(95,895)	(93,897)	(21,537)	(20,430)	(42,804)	(40,448)	(8,063)	(5,828)	(311,165)	(297,683)
Cash paid to suppliers for goods and services.....	(174,938)	(158,443)	(95,599)	(103,455)	(31,864)	(25,547)	(113,682)	(107,824)	(275,322)	(268,917)	(691,405)	(664,186)
Cash paid for judgments and claims.....	(6,927)	(2,515)	(5,500)	(10,795)	(331)	(276)	(5,548)	(2,163)	(1,725)	(1,529)	(20,031)	(17,278)
Net cash provided by (used in) operating activities.....	275,802	291,735	170,998	154,209	(933)	3,044	48,520	40,144	39,626	(37,992)	534,013	451,140
Cash flows from non-capital financing activities:												
Cash received from grants.....	—	5,947	177	12,686	389	517	546	4,893	1,173	5,100	2,285	29,143
Cash received from settlements.....	6,750	—	5,000	—	200	—	244	—	—	—	12,194	—
Cash received from license fees.....	—	—	—	—	—	—	3,713	3,333	—	—	3,713	3,333
Cash received from Public Purpose Funds.....	—	—	—	—	—	—	—	—	2,394	—	2,394	—
Cash paid for rebates, program incentives, and other.....	(1,775)	(828)	(535)	(482)	(54)	(37)	(227)	(591)	(218)	—	(2,809)	(1,938)
Cash paid for Hetchy Power loan interest.....	—	—	—	—	—	—	—	—	—	—	—	—
Transfers from the City and County of San Francisco.....	5	15,035	75	—	20,000	30,001	—	—	—	—	20,080	45,036
Transfers to the City and County of San Francisco.....	(20,032)	(30,666)	(32)	(161)	—	—	(32)	(532)	—	—	(20,096)	(31,359)
Net cash provided by (used in) non-capital financing activities.....	(15,052)	(10,512)	4,685	12,043	20,535	30,481	4,244	7,103	3,349	5,100	17,761	44,215
Cash flows from capital and related financing activities:												
Proceeds from sale of capital assets.....	1,370	986	127	22	4	7	3	9	—	—	1,504	1,024
Proceeds from bond issuance, net of premium, discount, refunding loss, and issuance costs.....	—	—	1,287,593	373,700	—	—	—	151,022	—	—	1,287,593	524,722
Proceeds from revenue notes issuance, net of premium.....	—	—	—	350,823	—	—	—	—	—	—	—	350,823
Proceeds from commercial paper borrowings.....	165,162	130,221	177,564	80,639	—	—	76,333	63,058	—	—	419,059	273,918
Proceeds from State revolving fund loans.....	12,371	56,113	207,364	22,544	—	—	—	—	—	—	219,735	78,657
Proceeds from WIFIA loans.....	—	—	122,357	—	—	—	—	—	—	—	122,357	—
Principal paid on commercial paper.....	—	(29,786)	(556,721)	(340,000)	—	—	—	(137,710)	—	—	(556,721)	(507,496)
Principal paid on long-term debt.....	(128,408)	(111,470)	(454,676)	(23,665)	—	—	(2,397)	(2,333)	—	—	(585,481)	(137,468)
Principal paid on state revolving fund loans.....	—	—	(2,481)	(2,483)	—	—	—	—	—	—	(2,481)	(2,483)
Interest paid on commercial paper.....	(5,170)	(212)	(8,674)	(614)	—	—	(1,327)	(59)	—	—	(15,171)	(885)
Interest paid on long-term debt.....	(209,194)	(213,922)	(75,309)	(69,988)	—	—	(7,886)	(4,695)	—	—	(292,389)	(288,605)
Interest paid on state revolving fund loans.....	—	—	(1,523)	(1,522)	—	—	—	—	—	—	(1,523)	(1,522)
Interest paid on WIFIA loans.....	—	—	(74)	—	—	—	—	—	—	—	(74)	—
Interest paid revenue notes.....	—	—	(3,475)	(1,168)	—	—	—	—	—	—	(3,475)	(1,168)
Issuance costs paid on long-term debt.....	—	(10)	(3,124)	(1,490)	—	—	—	(1,118)	—	—	(3,124)	(2,618)
Acquisition and construction of capital assets.....	(172,835)	(183,671)	(681,615)	(516,097)	(25,856)	(32,558)	(72,541)	(108,062)	—	—	(952,847)	(840,388)
Lease payment.....	(1,050)	(1,439)	(2,371)	(2,371)	(18)	(17)	(22)	(22)	(233)	(351)	(3,694)	(4,200)
Subscription payments.....	(862)	—	(523)	(478)	(172)	(179)	(139)	(145)	(39)	(41)	(1,735)	(843)
Federal interest income subsidy.....	23,260	23,590	3,991	5,818	—	—	502	397	—	—	27,753	29,805
Net cash provided by (used in) capital and related financing activities.....	(315,356)	(329,600)	8,430	(126,330)	(26,042)	(32,747)	(7,474)	(39,658)	(272)	(392)	(340,714)	(528,727)
Cash flows from investing activities:												
Interest income received.....	9,141	2,154	4,948	1,335	914	329	3,663	1,003	1,207	407	19,873	5,228
Proceeds from sale of investment outside City Treasury.....	348,315	398,825	514,288	101,115	—	—	10,224	7,118	—	—	872,827	507,058
Purchase of investments outside City Treasury.....	(348,315)	(398,825)	(514,288)	(101,115)	—	—	(10,224)	(7,118)	—	—	(872,827)	(507,058)
Net cash provided by investing activities.....	9,141	2,154	4,948	1,335	914	329	3,663	1,003	1,207	407	19,873	5,228
Increase (decrease) in cash and cash equivalents.....	(45,465)	(46,223)	189,061	41,257	(5,526)	1,107	48,953	8,592	43,910	(32,877)	230,933	(28,144)
Cash and cash equivalents:												
Beginning of year.....	560,366	606,589	333,163	291,906	97,383	96,276	208,857	200,265	57,887	90,764	1,257,656	1,285,800
End of year.....	\$ 514,901	560,366	522,224	333,163	91,857	97,383	257,810	208,857	101,797	57,887	1,488,589	1,257,656
Reconciliation of cash and cash equivalents to the statements of net position:												
Cash and investments with City Treasury:												
Unrestricted.....	\$ 402,885	460,954	355,770	285,029	76,973	94,190	224,234	189,641	98,657	56,234	1,158,519	1,086,048
Restricted.....	21,000	9,299	38,574	—	10,980	—	17,606	—	—	—	88,160	9,299
Add: Unrealized loss/(gain) on investments with City Treasury.....	13,479	13,838	12,551	8,379	3,904	3,192	6,605	5,148	3,140	1,653	39,679	32,210
Cash and investments outside City Treasury:												
Unrestricted.....	192	318	173	397	—	1	154	16	—	—	519	732
Restricted.....	77,345	75,957	115,156	39,358	—	—	9,211	14,052	—	—	201,712	129,367
Cash and cash equivalents at end of year on statements of cash flows.....	\$ 514,901	560,366	522,224	333,163	91,857	97,383	257,810	208,857	101,797	57,887	1,488,589	1,257,656

(Continued)

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

* Reclassification of fiscal year 2022 \$6,750 settlement to conform with current year presentation.

See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
 Statements of Cash Flows
 Proprietary Funds
 Years ended June 30, 2023 and 2022
 (In thousands)

Business Type Activities – Proprietary Funds

	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	Restated	
	2023	2022 [#]	2023	2022 [#]	2023	2022 [#]	2023	2022 [#]	2023	2022 [#]	2023	2022 [#]
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:												
Operating income (loss).....	\$ 230,838	171,353	102,586	111,724	2,686	(2,987)	12,451	16,899	31,997	(4,224)	380,558	292,765
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:												
Depreciation and amortization.....	155,714	148,777	78,039	78,105	6,524	6,480	17,877	17,769	270	385	258,424	251,516
Miscellaneous revenues.....	4,832	4,558	686	667	30	22	8,689	7,237	6	335	14,243	12,819
Provision for uncollectible accounts.....	4,584	(1,410)	5,500	(781)	—	—	2,626	39	1,593	845	14,303	(1,307)
Write-off of capital assets and other non-cash items.....	4,628	4,592	911	993	192	7	211	648	—	—	5,942	6,240
Changes in operating assets and liabilities:												
Receivables:												
Charges for services.....	(13,655)	(4,734)	(5,558)	(6,143)	70	(33)	(4,714)	8,796	5,485	(21,283)	(18,372)	(23,397)
Due from other City departments.....	63	70	1,208	(901)	—	—	345	531	—	—	1,616	(300)
Prepaid charges, advances, and other.....	6,709	207	1	51	129	192	115	(344)	5,908	(20,574)	12,862	(20,468)
Inventory.....	(1,389)	(865)	(382)	(301)	(22)	(8)	59	142	—	—	(1,734)	(1,032)
Accounts payable.....	(181)	6,669	830	7,095	(7,421)	4,192	8,302	(6,241)	818	7,667	2,348	19,382
Accrued payroll.....	1,312	650	1,229	255	154	56	357	88	170	82	3,222	1,131
Other post-employment benefits obligations.....	10,042	4,694	963	1,998	1,041	898	1,272	1,099	2,906	(1,320)	16,224	7,369
Pension obligations.....	(21,699)	(61,060)	(13,551)	(35,144)	(4,480)	(5,965)	(5,476)	(7,291)	(601)	(569)	(45,807)	(110,029)
Leases.....	575	380	2,321	—	—	—	—	—	—	—	2,896	380
Subscriptions.....	895	—	535	—	—	—	—	—	—	—	1,430	—
Accrued vacation and sick leave.....	(144)	(187)	761	(757)	97	(16)	119	(20)	197	146	1,030	(834)
Accrued workers' compensation.....	762	145	452	964	(9)	108	(12)	132	—	—	1,193	1,349
Due to other City departments.....	2,440	—	2,102	—	—	—	1,566	11	—	—	6,108	11
Wholesale balancing account.....	(89,202)	18,286	—	—	—	—	—	—	—	—	(89,202)	18,286
Damage claims liability.....	(16,444)	(654)	(7,695)	(4,668)	73	102	5,127	(85)	2	26	(18,937)	(5,279)
Unearned revenues, refunds, and other liabilities.....	(4,878)	264	320	792	3	(4)	(394)	734	(9,125)	492	(14,074)	2,278
Pollution remediation obligations.....	—	—	(260)	260	—	—	—	—	—	—	(260)	260
Total adjustments.....	44,964	120,382	68,412	42,485	(3,619)	6,031	36,069	23,245	7,629	(33,768)	153,455	158,375
Net cash provided by (used in) operating activities.....	\$ 275,802	291,735	170,998	154,209	(933)	3,044	48,520	40,144	39,626	(37,992)	534,013	451,140
Noncash transactions:												
Accrued capital asset costs.....	\$ 40,863	25,353	122,825	89,905	5,747	6,324	23,119	19,059	—	—	192,554	140,641
Interfund payables.....	2,440	—	2,620	629	—	—	—	—	—	—	5,060	629
Interfund receivables.....	—	—	—	—	—	—	518	629	—	—	518	629
Payable to MTA.....	—	—	—	—	—	—	1,946	—	—	—	1,946	—
Unrealized loss/(gain) on investments.....	13,479	13,838	12,551	8,379	3,904	3,192	6,605	5,148	3,140	1,653	39,679	32,210
Capital contributions.....	2,717	—	2,740	—	—	—	2,535	—	—	—	7,992	—
Sale of land promissory note.....	11,007	—	—	—	—	—	—	—	—	—	11,007	—

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*. See accompanying notes to basic financial statements.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

(1) Description of Reporting Entity

The San Francisco Public Utilities Commission (SFPUC or the Commission), established in 1932, is responsible for providing operational oversight of the public utility enterprises of the City, which include the Water, Wastewater, Hetchy Water and Power and CleanPowerSF. The Commission is responsible for determining such matters as the rates and charges for services, approval of contracts, and organizational policy.

Until August 1, 2008, the Commission consisted of five members, all appointed by the Mayor. Proposition E, a City and County of San Francisco Charter Section 4.112 amendment approved by the voters in the June 3, 2008 election, terminated the terms of all five existing members of the Commission, changed the process for appointing new members, and set qualifications for all members. Under the amended Charter, the Mayor continues to nominate candidates to the Commission, but nominees do not take office until the Board of Supervisors votes to approve their appointments by a majority (at least six members). The amended Charter provides for staggered four year terms for the Commission members and requires them to meet the following qualifications:

- Seat 1 must have experience in environmental policy and an understanding of environmental justice issues.
- Seat 2 must have experience in ratepayer or consumer advocacy.
- Seat 3 must have experience in project finance.
- Seat 4 must have expertise in water systems, power systems, or public utility management.
- Seat 5 is an at-large member.

The SFPUC is a department of the City, and as such, the financial operations of the Water, the Wastewater, and Hetchy Water and Hetchy Power and CleanPowerSF (Hetch Hetchy) enterprises are included in the Annual Comprehensive Financial Report of the City as enterprise funds. These financial statements are intended to present only the financial position, and the changes in financial position and cash flows of only the portion of the City that is attributable to the transactions of the enterprises. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2023 and 2022, the changes in its financial position, or, where applicable, the cash flows for the years then ended in conformity with U.S. generally accepted accounting principles (GAAP).

Water Enterprise

The San Francisco Water Enterprise was established in 1930 under the provisions of the Charter of the City and County of San Francisco (the City). The Water Enterprise acquired the fully developed, mature water works for San Francisco on March 3, 1930. Since then, the City has operated and maintained the water works as the San Francisco Water Enterprise. The Board of Supervisors of the City has adopted resolutions (the Water Resolutions) providing for the issuance of various water revenue and refunding bond series. The Water Resolutions require the City to keep separate books of records and accounts of the Water Enterprise. The Water Enterprise, which consists of a system of reservoirs, storage tanks, water treatment plants, pump stations, and pipelines, is engaged in the distribution of water to San Francisco and certain suburban areas. In fiscal year 2023, the Water Enterprise sold approximately 62,227 million gallons, i.e., about 170 million gallons per day of water, to approximately 2.7 million people within San Francisco and certain suburban areas.

Wastewater Enterprise

The San Francisco Wastewater Enterprise, formerly known as the San Francisco Clean Water Program (the Program), was established in 1977 following the transfer of all sewage system related assets and liabilities of the City to the Program.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

In 1976, the electorate of the City approved a proposition authorizing the City to issue \$240,000 in revenue bonds pursuant to the Revenue Bond Law of 1941 of the State of California for the purpose of acquiring, constructing, improving, and financing improvements to the City's municipal sewage treatment and disposal system. Since then, the City's Board of Supervisors has adopted resolutions (Wastewater Resolutions) providing for the issuance of various sewer revenue and refunding bond series. The Wastewater Resolutions require the City to keep separate books of records and accounts of the Wastewater Enterprise.

Hetch Hetchy

San Francisco Hetch Hetchy Water and Power (Hetch Hetchy) was established as a result of the Raker Act of 1913, which granted water and power resources rights-of-way on the Tuolumne River in Yosemite National Park and Stanislaus National Forest to the City and County of San Francisco (the City). CleanPowerSF, launched in May 2016, provides green electricity from renewable sources to residential and commercial customers in San Francisco and was reported as part of Hetch Hetchy starting fiscal year 2016. Hetch Hetchy is a stand-alone enterprise comprised of three funds, Hetchy Power (aka the Power Enterprise), CleanPowerSF and Hetchy Water, the portion of the Water Enterprise's operations, specifically the upcountry water supply and transmission service. Hetch Hetchy accounts for the activities of Hetch Hetchy Water and Power and is engaged in the collection and conveyance of approximately 85% of the regional system's water supply and in the generation and transmission of electricity from that resource, as well as the City Power services including energy efficiency and renewable.

Approximately 61% of the electricity generated by Hetchy Power is used to provide electric service to the City's municipal customers (including the San Francisco Municipal Transportation Agency, Recreation and Parks Department, the Port of San Francisco, the San Francisco International Airport and its tenants, Zuckerberg San Francisco General Hospital and Trauma Center, streetlights, Moscone Convention Center, and the Water and Wastewater Enterprises). The majority of the remaining 39% balance of electricity is sold to CleanPowerSF and the wholesale electric market. As a result of the 1913 Raker Act, energy produced above the City's municipal load is sold first to the Districts (Modesto Irrigation District and Turlock Irrigation District) to cover their agricultural pumping and municipal load needs and any remaining energy is either sold to other municipalities and/or government agencies (not for resale) or sold into the California Independent System Operator (CAISO). Hetch Hetchy operation is an integrated system of reservoirs, hydroelectric power plants, aqueducts, pipelines, and transmission lines.

Hetch Hetchy also purchases wholesale electric power from various energy providers that are used in conjunction with owned hydro resources to meet the power requirements of its customers. Operations and business decisions can be greatly influenced by market conditions, state and federal power matters before the California Public Utilities Commission (CPUC), the CAISO, and the Federal Energy Regulatory Commission (FERC). Therefore, Hetch Hetchy serves as the City's representative at CPUC, CAISO, and FERC forums and continues to monitor regulatory proceedings.

(2) Significant Accounting Policies

(a) Basis of Accounting and Measurement Focus – Fund Financial Statements

The accounts of Water, Wastewater, Hetchy Water, Hetchy Power and CleanPowerSF are organized on the basis of a proprietary fund type and are included as enterprise funds of the City. The activities are accounted for with a separate set of self-balancing accounts that comprise the funds' assets, deferred outflows, liabilities, deferred inflows, net position, revenues, and expenses. Enterprise funds account for activities (i) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity; or (ii) that are required by laws or regulations that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues; or (iii) that the pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

The financial activities of Water, Wastewater, Hetchy Water, Hetchy Power and CleanPowerSF are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting in accordance with U.S. GAAP. Under this method, all assets and liabilities associated with its operations are included on the statements of net position; revenues are recognized when earned, and expenses are recognized when liabilities are incurred. Water and Wastewater Enterprises' operating revenues are defined as charges to customers, rental income, capacity fees and other revenues while Hetchy Water, Hetchy Power and CleanPowerSF's operating revenues are defined as charges to customers and rental incomes. Operating expenses include the costs of delivering services, administrative expenses, and depreciation and amortization on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The SFPUC applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

(b) Cash and Cash Equivalents

The SFPUC considers its pooled deposits and investments held with the City Treasury to be demand deposits and, therefore, cash and cash equivalents for financial reporting. The City Treasury also holds non-pooled cash and investments for the SFPUC. Non-pooled restricted deposits and restricted deposits and investments held outside the City Treasury with original maturities of three months or less are also considered to be cash equivalents.

(c) Investments

Money market funds are carried at cost, which approximates fair value. All other investments are stated at fair value based on quoted market prices. Changes in fair value are recognized as investment gains or losses and are recorded as a component of non-operating revenues.

(d) Inventory

Inventory consists primarily of construction materials and maintenance supplies and is valued at average cost. Inventory is expensed as it is consumed.

(e) Capital Assets

Capital assets are defined as assets with an initial individual cost of more than \$5 and an estimated useful life in excess of one year. Capital assets with an original acquisition date prior to July 1, 1977 are recorded in the financial statements at estimated cost, as determined by an independent professional appraisal, or at cost, if known. All subsequent acquisitions have been recorded at cost. All donated capital assets and capital assets received in a service concession arrangement are valued at acquisition value at the time of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets, which range from 1 to 100 years for equipment and 1 to 200 years for buildings, structures, and improvements. No depreciation or amortization is recorded in the year of acquisition, and depreciation or amortization is recorded in the year of disposal.

(f) Intangible Assets

Intangible assets are defined as identifiable, non-financial assets capable of being separated, sold, transferred, or licensed, and include contractual or legal rights. Examples of intangible assets include rights-of-way easements, land use rights, water rights, leases, SBITAs, licenses, and permits. The SFPUC capitalizes purchased or internally developed intangible assets with a useful life extending beyond one reporting period. It has established a capitalization threshold of

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

\$100. Intangible assets are amortized over the benefit period or the contract term for leases and SBITAs, except for certain assets having an indefinite useful life. Assets with an indefinite useful life generally provide a benefit that is not constrained by legal or contractual limitations or any other external factor and, therefore, are not amortized (see Note 4).

(g) Construction Work in Progress

The cost of acquisition and construction of major plant and equipment is recorded as construction work in progress. Costs of discontinued construction projects are recorded as an expenses in the year in which the decision is made to discontinue such projects.

(h) Bond Discount, Premium, and Issuance Costs

Bond issuance costs related to prepaid insurance costs are capitalized and amortized using the effective interest method. Other bond issuance costs are expensed when incurred. Original issue bond discount or premium are offset against the related debt and are also amortized using the effective interest method.

(i) Accrued Vacation and Sick Leave

Accrued vacation pay, which may be accumulated up to ten weeks per employee, is charged to expense as earned. Sick leave earned subsequent to December 6, 1978 is non-vesting and may be accumulated up to six months per employee.

(j) Workers' Compensation

The SFPUC is self-insured for workers' compensation claims and accrues the estimated cost of those claims, including the estimated cost of incurred but not reported claims (see Note 16(b)).

(k) General Liability

The SFPUC is self-insured for general liability and uninsurable property damage claims. Commercially uninsurable property includes assets that are underground or provide transmission and distribution. Maintained commercial coverage does not cover claims attributed to loss from earthquake, contamination, pollution remediation efforts, and other specific naturally occurring contaminants such as mold. The liability represents an estimate of the cost of all outstanding claims, including adverse loss development, and estimated incurred but not reported claims (see Note 16(a)).

(l) Arbitrage Rebate Payable

Certain bonds are subject to arbitrage rebate requirements in accordance with regulations issued by the U.S. Treasury Department. The requirements generally stipulate that earnings from the investment of the tax exempt bond proceeds that exceed related interest costs on the bonds must be remitted to the federal government on every fifth anniversary of each bond issue. The Water Enterprise, Hetchy Water, Hetchy Power and CleanPowerSF did not have arbitrage rebate liability as of June 30, 2023 and 2022. The Wastewater Enterprise arbitrage liability as of June 30, 2023 and 2022 were \$188 and \$0, respectively (see Note 7).

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

(m) Refunding of Debt

Gains or losses occurring from refunding of debt prior to maturity are reported as deferred outflows and deferred inflows of resources from refunding of debt. Deferred outflows and deferred inflows of resources are recognized as a component of interest expense using the effective interest method over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(n) Income Taxes

As a department of a government agency, the SFPUC is exempt from both federal income taxes and California State franchise taxes.

(o) Revenue Recognition

Charges for water, wastewater, and power services are based on usage. Effective July 1, 2013, the majority of residential and non-residential customers are billed on a monthly basis except for building and contractor customers which are billed on a bi-monthly basis by the Water and Wastewater Enterprises. Hetchy Water, Hetchy Power and CleanPowerSF revenues are based on consumption and billing rates. Generally, customers are billed monthly. Revenues earned but unbilled are accrued as charges for services and reflected as a receivable on the Statements of Net Position.

The unbilled amounts for the fiscal years ending June 30, 2023 and 2022 are as follow:

Fiscal Years Ending June 30		Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
2023	\$	31,704	14,919	—	3,470	19,694	69,787
2022		29,774	15,704	—	3,806	21,878	71,162

(p) Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(q) Eliminations

Eliminations for internal activities between Wastewater and Hetchy Power are made in the Statements of Net Position. There were activities requiring eliminations during the fiscal years ended June 30, 2023 and June 30, 2022 between Wastewater and Hetchy Power.

(r) Accounting and Financial Reporting for Pollution Remediation Obligations

According to GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, a government would have to estimate its expected outlays for pollution remediation if it knows a site is polluted, and any of the following recognition triggers occur:

- Pollution poses an imminent danger to the public or environment and a government has little or no discretion to avoid fixing the problem;
- A government has violated a pollution prevention-related permit or license;

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

- A regulator has identified (or evidence indicates it will identify) a government as responsible (or potentially responsible) for cleaning up pollution, or for paying all or some of the cost of the cleanup;
- A government is named (or evidence indicates that it will be named) in a lawsuit to compel it to address the pollution; or
- A government begins or legally obligates itself to begin cleanup or post-cleanup activities limited to amounts the government is legally required to complete).

As a part of ongoing operations, situations may occur requiring the removal of pollution or other hazardous material. These situations typically arise in the process of acquiring an asset, preparing an asset for its intended use, or during the design phase of projects under review by the project managers. Other times, pollution may arise during the implementation and construction of a major or minor capital project. Examples of pollution may include, but are not limited to: asbestos or lead paint removal; leaking of sewage in underground pipes or neighboring areas, chemical spills, removal and disposal of known toxic waste, harmful biological and chemical pollution of water, or contamination of surrounding soils by underground storage tanks (see Note 17).

(s) Leases

Leases are defined as a contract that conveys control of the right to use another entity's underlying asset for a specified period. The SFPUC is a lessee and a lessor for various noncancellable leases of land, building, equipment, vehicles, easements, and etc.

Short-term Leases - For leases with a maximum possible term of 12 months or less at commencement, the SFPUC recognizes lease revenue if the SFPUC is the lessor of the lease or lease expense if the SFPUC is the lessee of the lease, based on the provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

Leases other than Short-term - For all other leases (i.e., those that are not short-term), SFPUC recognizes a lease liability and intangible right-to-use lease asset as lessee leases, or lease receivable and deferred inflow of resources as lessor leases.

Measurement of Lease Amounts (Lessee) - The SFPUC's lease liability is recorded at the present value of future minimum lease payments as of date of commencement. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, less lease payments made at or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the lease asset is amortized into depreciation and amortization expense on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. If SFPUC is reasonably certain of exercising a purchase option contained in a lease, the lease asset will be amortized over the useful life of the underlying asset.

Measurement of Lease Amounts (Lessor) - The SFPUC's lease receivable is measured at the present value of payments expected to be received during the lease term, reduced by any provision of estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments collected. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term, plus lease payments received from the lease at or before the commencement of the lease term that related to future periods. Subsequently, the deferred inflow of resources is recognized as lease revenue on a straight-line basis over the lease term.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

Key Estimates and Judgements - Key estimates and judgements include how the SFPUC determines (a) the discount rate it uses to calculate the present value of the expected lease payments, (b) lease terms, (c) lease payments, and (d) materiality threshold for equipment.

- The SFPUC generally uses its estimated incremental borrowing rate as the discount rate for leases unless the rate implicit in the lease. The City's incremental borrowing rate (IBR) is established using the average of Municipal Market Data (MMD) AAA benchmark interest rate index by maturity date (year 1 to 30+), plus the average credit spread based on City's Aa/AA, COP, Tax-exempt to generate the yield curve and discount rate table. The City's incremental borrowing rate for leases is based on the rate of interest it would need to pay if it issued general obligation bonds to borrow an amount equal to the lease payments under similar terms at the commencement or remeasurement date.
- The lease term includes the noncancellable period of the lease, plus any additional periods covered by either lessee or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the lessee and lessor have an option to terminate (or if both parties have to agree to extend) are excluded from the lease term.
- Payments are evaluated by the SFPUC to determine if they should be included in the measurement of the lease receivables or lease liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.
- Equipment and other leases have a capitalization threshold of \$100. 70% below market rent and/or ground leases are determined to be below market rent (BMR), excluded from lease capitalization

Remeasurement of Lease - The SFPUC monitors changes in circumstances that may require remeasurement of a lease. When certain changes occur that are expected to significantly affect the amount of the lease receivable or lease liability, the receivable or liability is remeasured and a corresponding adjustment is made to the deferred inflow of resources or lease asset, respectively.

Presentation in Statements of Net Position - Lease assets are reported with current and non-current assets, lease liabilities are reported with current and long-term liabilities and both lease assets and liabilities are reported under net investment in capital assets in the Statements of Net Position (see Note 10).

(t) Subscription-Based Information Technology Arrangements (SBITAs)

SBITAs are defined as a contract that conveys control of the right to use another entity's IT software, alone or in combination with tangible capital assets for a specified period. The SFPUC has noncancellable subscription arrangements (similar to a lease) for the right to use various SBITAs.

Short-term SBITAs - For SBITAs with a maximum possible term of 12 months at commencement, The SFPUC recognizes subscription expense based on the provisions of the SBITAs. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the reporting period.

SBITAs other than Short-term - For all other SBITAs (i.e. those that are not short-term), The SFPUC recognizes SBITAs liability and intangible right-to-use subscription asset.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Notes to Basic Financial Statements

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(Dollars in thousands, unless otherwise stated)

Measurement of Subscription Amounts (Subscriber) – The SFPUC's subscription liability is recorded at the present value of future minimum subscription payments as of the date of commencement. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, less payments made at or before the subscription commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any subscription incentives received at or before the subscription commencement date. For SBITAs, subscription assets also include qualify software implementation costs. Subsequently, the subscription asset is amortized into depreciation and amortization expense on a straight-line basis over the subscription term.

Key Estimates and Judgements -Key estimates and judgements include how the SFPUC determines (a) the discount rate it uses to calculate the present value of the expected subscription payments, (b) subscription terms, (c) subscription payments, and (d) materiality threshold.

- The SFPUC generally uses its estimated incremental borrowing rate as the discount rate for SBITAs unless the rate is implicit in the agreement. The City's incremental borrowing rate (IBR) is established using the average of Municipal Market Data (MMD) AAA benchmark interest rate index by maturity date (year 1 to 30+), plus the average credit spread based on City's Aa/AA, COP, Tax-exempt to generate the yield curve and discount rate table.
- The subscription term includes the noncancellable period of the subscription, plus any additional periods covered by either subscriber or lessor unilateral option to (1) extend for which it is reasonably certain to be exercised, or (2) terminate for which it is reasonably certain not to be exercised. Periods in which both the subscriber and lessor have an option to terminate (or if both parties have to agree to extend) are excluded from the subscription term.
- Payments are evaluated by the SFPUC to determine if they should be included in the measurement of the subscription liabilities, including those payments that require a determination of whether they are reasonably certain of being made, such as residual value guarantees, purchase options, payments for termination penalties, and other payments.
- SBITAs have a capitalization threshold of \$100.

Remeasurement of SBITAs – The SFPUC monitors changes in circumstances that may require remeasurement of a SBITAs. When certain changes occur that are expected to significantly affect the amount of the subscription liability, the liability is remeasured and a corresponding adjustment is made to the subscription asset.

Presentation in Statements of Net Position - Subscription assets are reported with current and non-current assets, subscription liabilities are reported with current and long-term liabilities and both subscription assets and liabilities are reported under net investment in capital assets in the Statements of Net Position (see Note 11).

(u) Other Post-employment Benefits (OPEB)

As prescribed under GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expense are actuarially determined on a citywide basis. Net OPEB liability is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees attributed to those employees' past service, less the amount of the Retiree Healthcare Trust Fund investments measured at fair value (see Note 14(b)).

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(v) New Accounting Standards Adopted in Fiscal Year 2023

- 1) In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. GASB Statement No. 91 enhances the compatibility and consistency of conduit debt obligation reporting and reporting of related transactions by state and local government issuers. The new standard is effective for periods beginning after December 15, 2021. The SFPUC adopted the provisions of Statement No. 91 in fiscal year 2023 which did not have a significant effect on its financial statements.
- 2) In March 2020, the GASB Issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The new standard is effective for periods beginning after June 15, 2022. The SFPUC adopted the provisions of Statement No. 94 in fiscal year 2023 which did not have a significant effect on its financial statements.
- 3) In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement defines such arrangements as contracts that convey control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The standard clarifies measurement and recognition of capitalizable costs, intangible assets, and subscription liabilities for such arrangements and also requires additional disclosures related to such arrangements. The new standard is effective for periods beginning after June 15, 2022. The SFPUC adopted the provisions of Statement No. 96 in fiscal year 2023 (see Note 11).

	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
Beginning Balance FY2022:						
Subscription Assets	\$ 2,344	1,422	468	380	106	4,720
Subscription Liability - Current	(1,636)	(993)	(329)	(264)	(75)	(3,297)
Subscription Liability - Long Term	(708)	(429)	(139)	(116)	(31)	(1,423)
Activities FY2022:						
Subscription Assets	106	65	22	17	5	215
Accumulated Amortization	(873)	(530)	(176)	(141)	(40)	(1,760)
Accrued Interest Payable - Current	(12)	(8)	(3)	(2)	(1)	(26)
Subscription Liability - Current	788	478	159	127	36	1,588
Ending Balance FY2022:						
Subscription Assets	2,450	1,487	490	397	111	4,935
Accumulated Amortization	(873)	(530)	(176)	(141)	(40)	(1,760)
Accrued Interest Payable - Current	(12)	(8)	(3)	(2)	(1)	(26)
Subscription Liability - Current	(848)	(515)	(170)	(137)	(39)	(1,709)
Subscription Liability - Long Term	(708)	(429)	(139)	(116)	(31)	(1,423)
Expenses	(9)	(5)	(2)	(1)	—	(17)
Changes in Net Position FY2022:	\$ <u>(9)</u>	<u>(5)</u>	<u>(2)</u>	<u>(1)</u>	<u>—</u>	<u>(17)</u>

(w) GASB Statements Implemented in Fiscal Year 2022

- 1) In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 establishes a single model for lease accounting and requires reporting of certain lease liabilities that currently are not reported. The new standard is effective for periods beginning after June 15, 2021. Beginning balances as of July 1, 2020 were restated as the result of adoption of this standard (see Note 10).

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- 2) In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of construction period. The new standard is effective for periods beginning after December 15, 2020. The SFPUC adopted the provisions of Statement No. 89 in fiscal year 2022.
- 3) In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB Statement No. 92 addresses practice issues that have been identified during implementation and application of certain GASB Statements. The new standard is effective for periods beginning after June 15, 2021. The SFPUC adopted the provisions of Statement No. 92 in fiscal year 2022, which did not have significant effect on its financial statements.
- 4) In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. The new standard is effective for periods beginning after June 15, 2021. The SFPUC adopted the provisions of Statement No. 93 in fiscal year 2022, which did not have a significant effect on its financial statements.

(x) Future Implementation of New Accounting Standards

- 1) In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. GASB Statement No. 99 addresses a variety of topics. The requirements related to extension of the use of the London Interbank Offered Rate, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance and did not have a significant impact on the SFPUC for the year ended June 30, 2022. The requirements related to leases, public-public and public-private partnerships, and subscription-based information technology arrangements are effective for fiscal years beginning after June 15, 2022, and effective for the SFPUC's year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and effective for the SFPUC's year ending June 30, 2024. The SFPUC is currently analyzing its accounting practices to determine the potential impact of the provisions of Statement No. 99 applicable in future years.
- 2) In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The new standard is effective for periods beginning after June 15, 2023. The SFPUC will implement the provisions of Statement No. 100 in fiscal year 2024.
- 3) In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The new standard is effective for periods beginning after December 15, 2023. The SFPUC will implement the provisions of Statement No. 101 in fiscal year 2025.

(y) Reclassifications

The SFPUC has reclassified certain amounts relating to the prior period to conform to its current period presentation.

For fiscal year 2022, Water Enterprise received cash from settlements in the amount of \$6,750 was reclassified to cash received from customers including cash deposits to conform with the fiscal year 2023 presentation.

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Restricted net pension assets in the amount of \$100,407 for Water Enterprise, \$48,770 for Wastewater Enterprise, \$13,912 for Hetchy Water, \$17,004 for Hetchy Power and \$1,833 for CleanPowerSF was reclassified from unrestricted to restricted for other purposes in the Statements of Net Position as of June 30, 2022.

(3) Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments with the City Treasury are invested in an unrated City pool pursuant to investment policy guidelines established by the City Treasurer. The objectives of the policy guidelines are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio that may be invested in certain instruments with longer terms to maturity. The City Treasurer allocates income from the investment of pooled cash at month-end in proportion to SFPUC's average daily cash balances. The primary objectives of SFPUC's investment policy are consistent with the City's policy.

The SFPUC categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The inputs and techniques used for valuing securities are not necessarily an indication of risk associated with investing in those securities.

Commercial paper is valued using a variety of techniques such as matrix pricing; market corroborated pricing inputs such as yield curve, indices, and other market related data. Commercial paper, money market investments, and cash and cash equivalents are exempt from fair value treatment under GASB Statement No. 72.

Department-wide Business Type Activities

Department-wide restricted and unrestricted cash and investments outside City Treasury as of June 30, 2023 and 2022 consist of the following:

SFPUC's Cash and Investments outside City Treasury							Fair Value Measurements Using		
Investments	Credit Ratings (S&P/Moody's)	June 30, 2023		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)		
		Maturities	Fair Value						
U.S. Treasury Money Market Funds	AAA/Aaa-mf	< 90 days	\$ 188,521	188,521	—	—	—		
Money Market Funds	A-1/P-1	< 90 days	93	93	—	—	—		
Cash and Cash Equivalents	N/A		13,098	13,098	—	—	—		
Total Restricted Cash and Investments outside City Treasury			\$ 201,712	201,712	—	—	—		
Cash and Cash Equivalents	N/A		519	519	—	—	—		
Total Unrestricted Cash and Investments outside City Treasury			\$ 519	519	—	—	—		

SFPUC's Cash and Investments outside City Treasury							Fair Value Measurements Using		
Investments	Credit Ratings (S&P/Moody's)	June 30, 2022		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)		
		Maturities	Fair Value						
U.S. Treasury Money Market Funds	AAA/Aaa-mf	< 90 days	\$ 116,187	116,187	—	—	—		
Money Market Funds	A-1+/P-1	< 90 days	92	92	—	—	—		
Cash and Cash Equivalents	N/A		13,088	13,088	—	—	—		
Total Restricted Cash and Investments outside City Treasury			\$ 129,367	129,367	—	—	—		
Cash and Cash Equivalents	N/A		732	732	—	—	—		
Total Unrestricted Cash and Investments outside City Treasury			\$ 732	732	—	—	—		

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Department-wide cash, cash equivalents, and investments are shown on the accompanying statements of net position as follows:

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and investments with City Treasury	\$ 1,158,519	1,086,048
Cash and investments outside City Treasury	519	732
Restricted cash and investments outside City Treasury	64,951	31,878
Non-current assets:		
Restricted cash and investments with City Treasury	88,160	9,299
Restricted cash and investments outside City Treasury	<u>136,761</u>	<u>97,489</u>
Total cash, cash equivalents, and investments	\$ <u>1,448,910</u>	\$ <u>1,225,446</u>

The following table shows the percentage distribution of the City's pooled investments by maturity:

Fiscal Years ended June 30	Investment maturities (in months)			
	<u>Under 1</u>	<u>1 to less than 6</u>	<u>6 to less than 12</u>	<u>12 to 60</u>
2023	21.5%	18.0%	14.5%	46.0%
2022	20.2%	14.0%	14.9%	50.9%

Water Enterprise

Restricted assets are held by an independent trustee outside the City's investment pool. The assets are held for the purpose of paying future interest and principal on the bonds and for eligible capital project expenditures. The current balances as of June 30, 2023 and 2022 were \$77,345 and \$75,957, respectively. The Water Enterprise held all investments in guaranteed investment contracts, treasury and government obligations, commercial paper, corporate bonds, and notes, as well as money market mutual funds consisting of Treasury and Government Obligations.

Funds held by the trustee established under the 2002 Amended and Restated Indentures agreements are invested in "Permitted Investments," as defined in the agreement, which includes money market funds and investment agreements. The agreement permits investment in money market funds registered under the Federal Investment Company Act of 1940 whose shares are registered under the Federal Securities Act of 1933 and have a rating by S&P of "AAAm-G," "AAAm," or "AAm," and a rating by Moody's of "Aaa," "Aa1," or "Aa2". The credit ratings of the money market funds invested in as of June 30, 2023 were "Aaa-mf" and "P-1" by Moody's, and "AAAm" and "A-1" by S&P. The credit ratings of the money market funds invested in as of June 30, 2022 were "Aaa-mf" and "P-1" by Moody's, and "AAAm" and "A-1+" by S&P. Investment agreements must be with a U.S. bank or trust company that have a rating by Moody's and S&P of "A" or higher, or are guaranteed by any entity with a rating of "A" or higher, at the time the agreement is entered.

The following tables present the Water Enterprise's restricted and unrestricted cash and investments outside City Treasury as of June 30, 2023 and 2022:

Water's Cash and Investments outside City Treasury					Fair Value Measurements Using			
Investments	Credit Ratings (S&P/Moody's)	June 30, 2023		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)	
		Maturities	Fair Value					
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 64,249	64,249	—	—	—	
Money Market Funds	A-1/P-1	< 90 days	43	43	—	—	—	
Cash and Cash Equivalents	N/A		13,053	13,053	—	—	—	
Total Restricted Cash and Investments outside City Treasury			\$ <u>77,345</u>	<u>77,345</u>	—	—	—	
Cash and Cash Equivalents	N/A		192	192	—	—	—	
Total Unrestricted Cash and Investments outside City Treasury			\$ <u>192</u>	<u>192</u>	—	—	—	

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Water's Cash and Investments outside City Treasury					Fair Value Measurements Using			
Investments	Credit Ratings (S&P/Moody's)	June 30, 2022		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)	
		Maturities	Fair Value					
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 62,854	62,854	—	—	—	
Money Market Funds	A-1+/P-1	< 90 days	48	48	—	—	—	
Cash and Cash Equivalents	N/A		13,055	13,055	—	—	—	
Total Restricted Cash and Investments outside City Treasury			\$ 75,957	75,957	—	—	—	
Cash and Cash Equivalents	N/A		318	318	—	—	—	
Total Unrestricted Cash and Investments outside City Treasury			\$ 318	318	—	—	—	

The restricted cash and investments outside City Treasury as of June 30, 2023 and 2022 included an unrealized gain due to changes in fair value on commercial paper of \$0.

Additional cash outside of the investment pool included revolving fund and cash in transit. The revolving fund has a balance of \$28 as of June 30, 2023 and 2022, respectively, which is held in a commercial bank in non-interest bearing checking accounts covered by Federal Deposit Insurance Corporation depository insurance. These accounts were established as provided by the City's Administrative Code for revolving fund needs. The cash in transit was \$164 and \$290 as of June 30, 2023 and 2022, respectively.

The Water Enterprise's cash, cash equivalents, and investments are shown on the accompanying Statements of Net Position as follows:

	2023	2022
Current assets:		
Cash and investments with City Treasury	\$ 402,885	460,954
Cash and investments outside City Treasury	192	318
Restricted cash and investments outside City Treasury	10,863	11,063
Non-current assets:		
Restricted cash and investments with City Treasury	21,000	9,299
Restricted cash and investments outside City Treasury	66,482	64,894
Total cash, cash equivalents, and investments	\$ 501,422	546,528

Wastewater Enterprise

The restricted cash for bond reserves is held by an independent trustee outside the City investment pool. The balances as of June 30, 2023 and 2022 were \$115,156 and \$39,358, respectively. Funds held by the trustee established under the 2003 Indenture are invested in "Permitted Investments" as defined in the Indenture. "Permitted Investments" include money market funds registered under the Federal Investment

Company Act of 1940 and whose shares are registered under the Federal Securities Act of 1933 and having a rating by S&P of "AAAm-G," "AAAm," or "AAm" and a rating by Moody's of "Aaa," "Aa1," or "Aa2."

The following tables present the Wastewater Enterprise's restricted and unrestricted cash and investments outside City Treasury as of June 30, 2023 and 2022:

Wastewater's Cash and Investments outside City Treasury					Fair Value Measurements Using			
Investments	Credit Ratings (S&P/Moody's)	June 30, 2023		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)	
		Maturities	Fair Value					
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 115,082	115,082	—	—	—	
Money Market Funds	A-1/P-1	< 90 days	50	50	—	—	—	
Cash and Cash Equivalents	N/A		24	24	—	—	—	
Total Restricted Cash and Investments outside City Treasury			\$ 115,156	115,156	—	—	—	
Cash and Cash Equivalents	N/A		173	173	—	—	—	
Total Unrestricted Cash and Investments outside City Treasury			\$ 173	173	—	—	—	

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Wastewater's Cash and Investments outside City Treasury					Fair Value Measurements Using		
Investments	Credit Ratings (S&P/Moody's)	June 30, 2022		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
		Maturities	Fair Value				
U.S. Treasury Money Market Funds	AAAm/Aaa-mf	< 90 days	\$ 39,296	39,296	—	—	—
Money Market Funds	A-1+/P-1	< 90 days	44	44	—	—	—
Cash and Cash Equivalents	N/A		18	18	—	—	—
Total Restricted Cash and Investments outside City Treasury			<u>\$ 39,358</u>	<u>39,358</u>	<u>—</u>	<u>—</u>	<u>—</u>
Cash and Cash Equivalents	N/A		397	397	—	—	—
Total Unrestricted Cash and Investments outside City Treasury			<u>\$ 397</u>	<u>397</u>	<u>—</u>	<u>—</u>	<u>—</u>

The restricted cash and investments outside City Treasury as of June 30, 2023 and 2022 included a \$0 unrealized gain due to changes in fair values on Commercial Paper.

The Wastewater Enterprise's cash, cash equivalents, and investments are shown on the accompanying Statements of Net Position as follows:

	<u>2023</u>	<u>2022</u>
Current assets:		
Cash and investments with City Treasury	\$ 355,770	285,029
Cash and investments outside City Treasury	173	397
Restricted cash and investments outside City Treasury	48,717	15,587
Non-current assets:		
Restricted cash and investments with City Treasury	38,574	—
Restricted cash and investments outside City Treasury	<u>66,439</u>	<u>23,771</u>
Total cash, cash equivalents, and investments	<u>\$ 509,673</u>	<u>324,784</u>

Hetch Hetchy (Hetchy Water, Hetchy Power and CleanPowerSF)

Restricted assets are held by an independent trustee outside the City's investment pool. The assets are held for the purpose of paying future interest and principal on the bonds and for eligible capital project expenditures. The balances as of June 30, 2023 and 2022 were \$9,211 and \$14,052, respectively. Hetch Hetchy held all investments in guaranteed investment contracts, treasury and government obligations, commercial paper, corporate bonds, and notes, as well as money market mutual funds consisting of treasury and government obligations. The balance as of June 30, 2023 included 2021 Series AB bond proceeds of \$5,382, 2015 Series A bond proceeds of \$2,261, certificates of participation proceeds of \$1,015, 2015 Series B bond proceeds of \$532, \$154 held at a commercial bank in a non-interest-bearing checking account that is covered by depository insurance, and commercial paper of \$21. The balance as of June 30, 2022 included 2021 Series AB bond proceeds of \$10,346, 2015 Series A bond proceeds of \$2,194, certificates of participation proceeds of \$981, 2015 Series B bond proceeds of \$516, \$17 held at a commercial bank in a non-interest-bearing checking account that is covered by depository insurance, and commercial paper of \$15.

Hetch Hetchy did not have any unrealized gain and loss in the restricted cash and investments outside City Treasury as of June 30, 2023 and 2022.

For fiscal year 2023, proceeds from 2021 Series AB and 2015 Series AB bonds held as restricted cash and investments outside City Treasury in the amount of \$8,175 were invested in U.S. Treasury Money Market with maturity date less than 90 days. For fiscal year 2022, proceeds from 2021 Series AB and 2015 Series AB bonds held as restricted cash and investments outside City Treasury in the amount of \$13,056 were invested in U.S. Treasury Money Market with maturity date less than 90 days. The credit ratings of the U.S. Treasury Money Market as of June 30, 2023 and 2022 were "AAAm" by S&P and "Aaa-mf" by Moody's.

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The following tables present the Hetch Hetchy restricted and unrestricted cash and investments outside City Treasury as of June 30, 2023 and 2022:

Hetchy Power's Cash and Investments outside City Treasury					Fair Value Measurements Using		
Investments	Credit Ratings (S&P/Moody's)	June 30, 2023		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
		Maturities	Fair Value				
Hetchy Power							
U.S. Treasury Money Market Funds	AAA/m/Aaa-mf	< 90 days	\$ 9,190	9,190	—	—	—
Cash and Cash Equivalents	N/A		21	21	—	—	—
Total Restricted Cash and Investments outside City Treasury			\$ 9,211	9,211	—	—	—
Cash and Cash Equivalents	N/A		154	154	—	—	—
Total Unrestricted Cash and Investments outside City Treasury			\$ 154	154	—	—	—

Hetchy Water and Hetchy Power's Cash and Investments outside City Treasury					Fair Value Measurements Using		
Investments	Credit Ratings (S&P/Moody's)	June 30, 2022		Investments exempt from fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Unobservable Inputs (Level 3)
		Maturities	Fair Value				
Hetchy Water							
Cash and Cash Equivalents	N/A		\$ 1	1	—	—	—
Total Unrestricted Cash and Investments outside City Treasury			\$ 1	1	—	—	—
Hetchy Power							
U.S. Treasury Money Market Funds	AAA/m/Aaa-mf	< 90 days	\$ 14,037	14,037	—	—	—
Cash and Cash Equivalents	N/A		15	15	—	—	—
Total Restricted Cash and Investments outside City Treasury			\$ 14,052	14,052	—	—	—
Cash and Cash Equivalents	N/A		16	16	—	—	—
Total Unrestricted Cash and Investments outside City Treasury			\$ 16	16	—	—	—

Hetch Water and Hetchy Power and CleanPowerSF cash, cash equivalents, and investments as of June 30, 2023 and 2022 are shown on the accompanying Statements of Net Position as follows:

	Hetchy Water	Hetchy Power	CleanPowerSF	Total 2023
Current assets:				
Cash and investments with City Treasury	\$ 76,973	224,234	98,657	399,864
Cash and investments outside City Treasury	—	154	—	154
Restricted cash and investments outside City Treasury	—	5,371	—	5,371
Non-current assets:				
Restricted cash and investments with City Treasury	10,980	17,606	—	28,586
Restricted cash and investments outside City Treasury	—	3,840	—	3,840
Total cash, cash equivalents, and investments	\$ 87,953	251,205	98,657	437,815

	Hetchy Water	Hetchy Power	CleanPowerSF	Total 2022
Current assets:				
Cash and investments with City Treasury	\$ 94,190	189,641	56,234	340,065
Cash and investments outside City Treasury	1	16	—	17
Restricted cash and investments outside City Treasury	—	5,228	—	5,228
Non-current assets:				
Restricted cash and investments with City Treasury	—	—	—	—
Restricted cash and investments outside City Treasury	—	8,824	—	8,824
Total cash, cash equivalents, and investments	\$ 94,191	203,709	56,234	354,134

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(4) Capital Assets

Department-wide Business Type Activities

Department-wide capital assets as of June 30, 2023 and 2022 consist of the following:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 163,194	—	(119)	163,075
Intangible assets**	5,162	—	—	5,162
Construction work in progress	<u>2,485,201</u>	<u>990,256</u>	<u>(345,030) *</u>	<u>3,130,427</u>
Total capital assets not being depreciated and amortized	<u>2,653,557</u>	<u>990,256</u>	<u>(345,149)</u>	<u>3,298,664</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	11,199,956	335,051	—	11,535,007
Land Improvements	—	6,965	—	6,965
Intangible assets**	80,405	2,331	—	82,736
Machinery and equipment	<u>583,988</u>	<u>13,733</u>	<u>(2,036)</u>	<u>595,685</u>
Total capital assets being depreciated and amortized	<u>11,864,349</u>	<u>358,080 *</u>	<u>(2,036)</u>	<u>12,220,393</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(3,594,436)	(228,515)	—	(3,822,951)
Land Improvements	—	(232)	—	(232)
Intangible assets**	(50,836)	(3,246)	—	(54,082)
Machinery and equipment	<u>(421,946)</u>	<u>(22,194)</u>	<u>2,014</u>	<u>(442,126)</u>
Total accumulated depreciation and amortization	<u>(4,067,218)</u>	<u>(254,187)</u>	<u>2,014</u>	<u>(4,319,391)</u>
Total capital assets being depreciated and amortized, net	<u>7,797,131</u>	<u>103,893</u>	<u>(22)</u>	<u>7,901,002</u>
Total capital assets, net	\$ <u>10,450,688</u>	<u>1,094,149</u>	<u>(345,171)</u>	<u>11,199,666</u>

*Decrease in construction work in progress is greater than increase in capital assets being depreciated is mainly explained by \$5,942 in capital project writeoffs for Water, Wastewater Hetchy Water and Hetchy Power, offset by \$18,992 mainly related to direct additions to facilities and improvements, intangible assets and machinery and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 154,001	9,193	—	163,194
Intangible assets**	5,162	—	—	5,162
Construction work in progress	<u>2,079,754</u>	<u>830,383</u>	<u>(424,936) *</u>	<u>2,485,201</u>
Total capital assets not being depreciated and amortized	<u>2,238,917</u>	<u>839,576</u>	<u>(424,936)</u>	<u>2,653,557</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	10,796,179	403,777	—	11,199,956
Intangible assets**	78,463	1,942	—	80,405
Machinery and equipment	<u>572,846</u>	<u>11,832</u>	<u>(690)</u>	<u>583,988</u>
Total capital assets being depreciated and amortized	<u>11,447,488</u>	<u>417,551 *</u>	<u>(690)</u>	<u>11,864,349</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(3,372,070)	(222,366)	—	(3,594,436)
Intangible assets**	(48,523)	(2,313)	—	(50,836)
Machinery and equipment	<u>(401,626)</u>	<u>(21,010)</u>	<u>690</u>	<u>(421,946)</u>
Total accumulated depreciation and amortization	<u>(3,822,219)</u>	<u>(245,689)</u>	<u>690</u>	<u>(4,067,218)</u>
Total capital assets being depreciated and amortized, net	<u>7,625,269</u>	<u>171,862</u>	<u>—</u>	<u>7,797,131</u>
Total capital assets, net	\$ <u>9,864,186</u>	<u>1,011,438</u>	<u>(424,936)</u>	<u>10,450,688</u>

*Decrease in construction work in progress is greater than increase in capital assets being depreciated is mainly explained by \$9,193 transferred to land for Water, \$6,240 in capital project writeoffs for Water, Wastewater Hetchy Water and Hetchy Power, offset by \$8,047 mainly related to direct additions to facilities and improvements, intangible assets and machinery and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

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Water Capital Assets – Water’s capital assets as of June 30, 2023 and 2022 consist of the following:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital assets not being depreciated and amortized:				
Land	\$ 113,441	—	(119)	113,322
Intangible assets**	679	—	—	679
Construction work in progress	444,254	180,391	(97,651) *	526,994
Total capital assets not being depreciated and amortized	<u>558,374</u>	<u>180,391</u>	<u>(97,770)</u>	<u>640,995</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	6,660,691	94,616	—	6,755,307
Intangible assets**	25,142	979	—	26,121
Machinery and equipment	332,473	5,905	(579)	337,799
Total capital assets being depreciated and amortized	<u>7,018,306</u>	<u>101,500</u>	<u>(579)</u>	<u>7,119,227</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,688,717)	(140,215)	—	(1,828,932)
Intangible assets**	(22,669)	(1,800)	—	(24,469)
Machinery and equipment	(247,700)	(11,386)	579	(258,507)
Total accumulated depreciation and amortization	<u>(1,959,086)</u>	<u>(153,401)</u>	<u>579</u>	<u>(2,111,908)</u>
Total capital assets being depreciated and amortized, net	<u>5,059,220</u>	<u>(51,901)</u>	<u>—</u>	<u>5,007,319</u>
Total capital assets, net	\$ <u>5,617,594</u>	<u>128,490</u>	<u>(97,770)</u>	<u>5,648,314</u>

*Decrease in construction work in progress includes \$4,628 in capital project writeoffs, mainly related to Stern Grove Emergency Restoration and Upper Alameda Creek Filter projects. The remaining difference of \$8,477 is mainly due to direct additions to facilities and improvements, intangible assets and machinery and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Capital assets not being depreciated and amortized:				
Land	\$ 104,248	9,193	—	113,441
Intangible assets**	679	—	—	679
Construction work in progress	532,602	175,191	(263,539) *	444,254
Total capital assets not being depreciated and amortized	<u>637,529</u>	<u>184,384</u>	<u>(263,539)</u>	<u>558,374</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	6,413,238	247,453	—	6,660,691
Intangible assets**	23,772	1,370	—	25,142
Machinery and equipment	326,126	6,662	(315)	332,473
Total capital assets being depreciated and amortized	<u>6,763,136</u>	<u>255,485</u>	<u>(315)</u>	<u>7,018,306</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,554,515)	(134,202)	—	(1,688,717)
Intangible assets**	(21,688)	(981)	—	(22,669)
Machinery and equipment	(236,663)	(11,352)	315	(247,700)
Total accumulated depreciation and amortization	<u>(1,812,866)</u>	<u>(146,535)</u>	<u>315</u>	<u>(1,959,086)</u>
Total capital assets being depreciated and amortized, net	<u>4,950,270</u>	<u>108,950</u>	<u>—</u>	<u>5,059,220</u>
Total capital assets, net	\$ <u>5,587,799</u>	<u>293,334</u>	<u>(263,539)</u>	<u>5,617,594</u>

*Decrease in construction work in progress of \$8,054 includes \$4,592 in capital project write offs, mainly related to Stern Grove Emergency Restoration and Lake Merced Water Level Restoration projects and \$9,193 transferred to land. The remaining difference of \$5,731 is mainly due to direct additions to facilities and improvements, intangible assets and machinery and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

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Wastewater Capital Assets – Wastewater’s capital assets as of June 30, 2023 and 2022 consist of the following:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 44,572	—	—	44,572
Intangible assets**	3,046	—	—	3,046
Construction work in progress	1,724,417	709,485	(200,939) *	2,232,963
Total capital assets not being depreciated and amortized	<u>1,772,035</u>	<u>709,485</u>	<u>(200,939)</u>	<u>2,280,581</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	3,729,320	194,590	—	3,923,910
Land Improvements	—	6,965	—	6,965
Intangible assets**	9,548	1,212	—	10,760
Machinery and equipment	103,274	3,659	(1,272)	105,661
Total capital assets being depreciated and amortized	<u>3,842,142</u>	<u>206,426</u> *	<u>(1,272)</u>	<u>4,047,296</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,481,988)	(69,779)	—	(1,551,767)
Land Improvements	—	(232)	—	(232)
Intangible assets**	(5,487)	(986)	—	(6,473)
Machinery and equipment	(80,251)	(5,754)	1,252	(84,753)
Total accumulated depreciation and amortization	<u>(1,567,726)</u>	<u>(76,751)</u>	<u>1,252</u>	<u>(1,643,225)</u>
Total capital assets being depreciated and amortized, net	<u>2,274,416</u>	<u>129,675</u>	<u>(20)</u>	<u>2,404,071</u>
Total capital assets, net	\$ <u>4,046,451</u>	<u>839,160</u>	<u>(200,959)</u>	<u>4,684,652</u>

*Decrease in construction work in progress is less than increase in capital assets being depreciated is due to direct additions to machinery and equipment and buildings structures by \$3,659 and \$2,739, respectively offset by \$911 in capital project write-offs, mainly related to the Islais Creek Green Infrastructure Project.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 44,572	—	—	44,572
Intangible assets**	3,046	—	—	3,046
Construction work in progress	1,340,644	514,679	(130,906) *	1,724,417
Total capital assets not being depreciated and amortized	<u>1,388,262</u>	<u>514,679</u>	<u>(130,906)</u>	<u>1,772,035</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	3,599,978	129,342	—	3,729,320
Intangible assets**	8,976	572	—	9,548
Machinery and equipment	102,397	1,165	(288)	103,274
Total capital assets being depreciated and amortized	<u>3,711,351</u>	<u>131,079</u> *	<u>(288)</u>	<u>3,842,142</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(1,412,109)	(69,879)	—	(1,481,988)
Intangible assets**	(4,615)	(872)	—	(5,487)
Machinery and equipment	(76,039)	(4,500)	288	(80,251)
Total accumulated depreciation and amortization	<u>(1,492,763)</u>	<u>(75,251)</u>	<u>288</u>	<u>(1,567,726)</u>
Total capital assets being depreciated and amortized, net	<u>2,218,588</u>	<u>55,828</u>	<u>—</u>	<u>2,274,416</u>
Total capital assets, net	\$ <u>3,606,850</u>	<u>570,507</u>	<u>(130,906)</u>	<u>4,046,451</u>

*Decrease in construction work in progress is greater than increase in capital assets being depreciated is explained by \$1,165 in direct additions to machinery and equipment offset by \$993 in capital project write-offs, mainly related to Public Works various locations infrastructure improvement projects.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

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Hetchy Water Capital Assets – Hetchy Water’s capital assets as of June 30, 2023 and 2022 consist of the following:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 3,232	—	—	3,232
Intangible assets**	6	—	—	6
Construction work in progress	54,138	25,032	(6,720) *	72,450
Total capital assets not being depreciated and amortized	<u>57,376</u>	<u>25,032</u>	<u>(6,720)</u>	<u>75,688</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	306,116	5,196	—	311,312
Intangible assets**	20,522	—	—	20,522
Machinery and equipment	28,383	1,566	(58)	29,891
Total capital assets being depreciated and amortized	<u>355,021</u>	<u>6,762</u> *	<u>(58)</u>	<u>361,725</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(179,839)	(5,227)	—	(185,066)
Intangible assets**	(10,154)	(207)	—	(10,361)
Machinery and equipment	(21,397)	(893)	58	(22,232)
Total accumulated depreciation and amortization	<u>(211,390)</u>	<u>(6,327)</u>	<u>58</u>	<u>(217,659)</u>
Total capital assets being depreciated and amortized, net	<u>143,631</u>	<u>435</u>	<u>—</u>	<u>144,066</u>
Total capital assets, net	\$ <u>201,007</u>	<u>25,467</u>	<u>(6,720)</u>	<u>219,754</u>

*Decrease in construction in progress included \$192 in capital project write-offs, mainly related to Hetchy Water's share of 2018 Moccasin Storm Project. The remaining difference of \$234 to capital asset additions was offset by direct additions to facilities, improvements, machinery, and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 3,232	—	—	3,232
Intangible assets**	6	—	—	6
Construction work in progress	35,333	29,654	(10,849) *	54,138
Total capital assets not being depreciated and amortized	<u>38,571</u>	<u>29,654</u>	<u>(10,849)</u>	<u>57,376</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	295,968	10,148	—	306,116
Intangible assets**	20,522	—	—	20,522
Machinery and equipment	27,518	865	—	28,383
Total capital assets being depreciated and amortized	<u>344,008</u>	<u>11,013</u> *	<u>—</u>	<u>355,021</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(174,695)	(5,144)	—	(179,839)
Intangible assets**	(9,947)	(207)	—	(10,154)
Machinery and equipment	(20,456)	(941)	—	(21,397)
Total accumulated depreciation and amortization	<u>(205,098)</u>	<u>(6,292)</u>	<u>—</u>	<u>(211,390)</u>
Total capital assets being depreciated and amortized, net	<u>138,910</u>	<u>4,721</u>	<u>—</u>	<u>143,631</u>
Total capital assets, net	\$ <u>177,481</u>	<u>34,375</u>	<u>(10,849)</u>	<u>201,007</u>

*Decrease in construction work in progress included \$7 in capital project write-offs, mainly related to Hetchy Water's share of road improvement projects. The remaining difference of \$171 to capital asset additions was offset by direct add additions to machinery and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

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Hetchy Power Capital Assets – Hetchy Power’s capital assets as of June 30, 2023 and 2021 consist of the following:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2023</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 1,949	—	—	1,949
Intangible assets**	1,431	—	—	1,431
Construction work in progress	<u>262,392</u>	<u>75,348</u>	<u>(39,720) *</u>	<u>298,020</u>
Total capital assets not being depreciated and amortized	<u>265,772</u>	<u>75,348</u>	<u>(39,720)</u>	<u>301,400</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	503,829	40,649	—	544,478
Intangible assets**	25,193	140	—	25,333
Machinery and equipment	<u>119,858</u>	<u>2,603</u>	<u>(127)</u>	<u>122,334</u>
Total capital assets being depreciated and amortized	<u>648,880</u>	<u>43,392 *</u>	<u>(127)</u>	<u>692,145</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(243,892)	(13,294)	—	(257,186)
Intangible assets**	(12,526)	(253)	—	(12,779)
Machinery and equipment	<u>(72,598)</u>	<u>(4,161)</u>	<u>125</u>	<u>(76,634)</u>
Total accumulated depreciation and amortization	<u>(329,016)</u>	<u>(17,708)</u>	<u>125</u>	<u>(346,599)</u>
Total capital assets being depreciated and amortized, net	<u>319,864</u>	<u>25,684</u>	<u>(2)</u>	<u>345,546</u>
Total capital assets, net	\$ <u>585,636</u>	<u>101,032</u>	<u>(39,722)</u>	<u>646,946</u>

*Decrease in construction in progress included \$211 in capital project write-offs, mainly related to Hetchy Power’s share of 2018 Moccasin Storm Project. The remaining difference of \$3,883 to capital assets was offset by direct additions to facilities, improvements, machinery, and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Capital assets not being depreciated and amortized:				
Land and rights-of-way	\$ 1,949	—	—	1,949
Intangible assets**	1,431	—	—	1,431
Construction work in progress	<u>171,175</u>	<u>110,859</u>	<u>(19,642) *</u>	<u>262,392</u>
Total capital assets not being depreciated and amortized	<u>174,555</u>	<u>110,859</u>	<u>(19,642)</u>	<u>265,772</u>
Capital assets being depreciated and amortized:				
Facilities and improvements	486,995	16,834	—	503,829
Intangible assets**	25,193	—	—	25,193
Machinery and equipment	<u>116,805</u>	<u>3,140</u>	<u>(87)</u>	<u>119,858</u>
Total capital assets being depreciated and amortized	<u>628,993</u>	<u>19,974 *</u>	<u>(87)</u>	<u>648,880</u>
Less accumulated depreciation and amortization for:				
Facilities and improvements	(230,751)	(13,141)	—	(243,892)
Intangible assets**	(12,273)	(253)	—	(12,526)
Machinery and equipment	<u>(68,468)</u>	<u>(4,217)</u>	<u>87</u>	<u>(72,598)</u>
Total accumulated depreciation and amortization	<u>(311,492)</u>	<u>(17,611)</u>	<u>87</u>	<u>(329,016)</u>
Total capital assets being depreciated and amortized, net	<u>317,501</u>	<u>2,363</u>	<u>—</u>	<u>319,864</u>
Total capital assets, net	\$ <u>492,056</u>	<u>113,222</u>	<u>(19,642)</u>	<u>585,636</u>

*Decrease in construction in progress included \$648 in capital project write-offs, mainly related to HOPE SF Project in Sunnydale and Potrero. The remaining difference of \$980 to capital asset additions was offset by direct additions to machinery and equipment.

** Right-to-use lease and subscription assets are reported separately from intangible assets in notes 10 and 11, respectively.

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(5) Restricted Assets

Department-wide Business Type Activities

The following table summarizes the department-wide restricted assets as of June 30, 2023 and 2022.

	<u>2023</u>	<u>2022</u>
Cash and investments with City Treasury	\$ 88,160	9,299
Cash and investments outside City Treasury	201,712	129,367
Interest and other receivables	<u>59,362</u>	<u>221,532</u>
Total restricted assets	<u>\$ 349,234</u>	<u>360,198</u>

Water Restricted Assets

Pursuant to the Indentures, all revenues of the Water Enterprise (except amounts on deposit in the rebate fund) are irrevocably pledged to the punctual payment of debt service on the Water Revenue and Refunding Bonds. Accordingly, the revenues of the Water Enterprise shall not be used for any other purpose while any of its Water Revenue and Refunding Bonds are outstanding, except as expressly permitted by the Indentures. Further, all revenues shall be deposited by the City Treasurer, by instruction of the Water Enterprise, in special funds designated as the Water Enterprise Revenue Fund (the Water Revenue Fund), which must be maintained in the City Treasury. These funds, held at the City Treasury, are recorded in the statement of net position of the Water Enterprise as cash and investments. Deposits in the Water Revenue Fund, including earnings thereon, shall be appropriated, transferred, expended, or used for the following purposes pertaining to the financing, maintenance, and operation of the Water Enterprise in accordance with the following priority:

1. The payment of operation and maintenance expenses for such utility and related facilities;
2. The payment of pension charges and proportionate payments to such compensation and other insurance or outside reserve funds as the Water Enterprise may establish or the Board of Supervisors may require with respect to employees of the Water Enterprise;
3. The payment of principal, interest, reserve, sinking fund, and other mandatory funds created to secure Revenue Bonds issued by the Water Enterprise for the acquisition, construction, or extension of facilities owned, operated, or controlled by the Water Enterprise;
4. The payment of principal and interest on General Obligation Bonds issued by the City for the Water Enterprise's purposes;
5. Reconstruction and replacement as determined by the Water Enterprise or as required by any of the Water Enterprise's Revenue Bond ordinances duly adopted and approved; and
6. The acquisition of land, real property, or interest in real property for, and the acquisition, construction, enlargement, and improvement of, new and existing buildings, structures, facilities, equipment, appliances, and other property necessary or convenient to the development or improvement of such utility owned, controlled, or operated by the Water Enterprise; and for any other lawful purpose of the Water Enterprise, including the transfer of surplus funds pursuant to the Charter.

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In accordance with the Indenture, the bond financing program maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and investments with City Treasury:		
Water revenue bond construction fund	\$ 21,000	9,299
Cash and investments outside City Treasury:		
2010A Water revenue bond fund	12	—
2010B Water revenue bond fund	21,861	21,386
2010D Water revenue bond fund	12	1
2010E Water revenue bond fund	16,643	16,304
2010F Water revenue bond fund	8	—
2010G Water revenue bond fund	18,178	17,703
2012A Water revenue bond fund	—	1
2015A Water revenue refunding bond fund	4	—
2016A Water revenue refunding bond fund	8	—
2016B Water revenue refunding bond fund	1	—
2016C Water revenue bond fund	2	—
2017B Water revenue bond fund	2	—
2017C Water revenue bond fund	1	—
2017D Water revenue refunding bond fund	4	—
2017E Water revenue refunding bond fund	1	—
2019A Water revenue refunding bond fund	5	—
2020A Water revenue bond fund	2	86
2020B Water revenue bond fund	1	34
2020C Water revenue bond fund	1	54
2020D Water revenue bond fund	—	38
2020E Water revenue refunding bond fund	2	—
2020F Water revenue refunding bond fund	13	12
2020G Water revenue refunding bond fund	23	22
2020H Water revenue refunding bond fund	8	7
2009C Certificates of participation - 525 Golden Gate	1,696	1,638
2009D Certificates of participation - 525 Golden Gate	5,761	5,567
Commercial Paper - Tax Exempt	15	14
Commercial Paper - Taxable	28	37
Habitat reserve endowment fund	<u>13,053</u>	<u>13,053</u>
Total cash and investments outside City Treasury	<u>77,345</u>	<u>75,957</u>
Interest and other receivables:		
Water bond construction, including interest, prepaids and other receivables	3,514	4,146
Due from other government for State Revolving Fund	<u>36,147</u>	<u>7,553</u>
Total restricted assets	\$ <u><u>138,006</u></u>	\$ <u><u>96,955</u></u>

Restricted assets listed above as cash and investments with City Treasury are held in fund accounts within the Water Revenue Fund of the City Treasury.

Wastewater Restricted Assets

The Master Bond Resolution was discharged upon the issuance of the 2003 Series A Refunding Bonds. Pursuant to the Indenture, which became effective with the issuance of the 2003 Series A Refunding Bonds, all net revenues of the Wastewater Enterprise (except amounts on deposit in the rebate fund) are irrevocably pledged to the punctual payment of debt service on the Wastewater revenue bonds. Accordingly, the net revenues of the Wastewater Enterprise shall not be used for any other purpose while any of its revenue bonds are outstanding except as expressly permitted by the Indenture. Further, all net revenues shall be deposited by the City Treasurer, by instruction of the Wastewater Enterprise, in special funds designated as the Revenue Fund, which must be maintained in the City Treasury. These funds, held at the City Treasury, are recorded in the statements of net position of the Wastewater Enterprise as cash and investments. Deposits in the Revenue Fund, including earnings thereon, shall be appropriated,

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transferred, expended, or used for the following purposes and only in accordance with the following priority:

1. The payment of operation and maintenance costs of the Wastewater Enterprise;
2. The payment of bonds, parity State revolving fund loans, policy costs, and amounts due as reimbursement under any letter of credit agreement; and
3. Any other lawful purpose of the Wastewater Enterprise.

In accordance with the Indenture, the Wastewater Enterprise maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consisted of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and investments with City Treasury:		
Wastewater revenue bond construction fund	\$ 38,574	—
Cash and investments outside City Treasury:		
2009 Series C Certificates of Participation – 525 Golden Gate	449	433
2009 Series D Certificates of Participation – 525 Golden Gate	1,523	1,472
2010 Series A Wastewater revenue bond fund	137	—
2010 Series B Wastewater revenue bond fund	7,153	8,826
2013 Series B Wastewater revenue bond fund	5	—
2016 Series A Wastewater revenue bond fund	6	—
2016 Series B Wastewater revenue bond fund	2	—
2018 Series A Wastewater revenue bond fund	6	—
2018 Series B Wastewater revenue bond fund	5	—
2018 Series C Wastewater revenue bond fund	2	—
2021 Series A Wastewater revenue bond fund	13,298	24,396
2021 Series B Wastewater revenue bond fund	2,163	3,937
2022 Series B Wastewater revenue bond fund	86	—
2023 Series A Wastewater revenue bond fund	65,673	—
2023 Series B Wastewater revenue bond fund	24,313	—
2023 Series C Wastewater revenue bond fund	19	—
2021 Series A Wastewater revenue note fund	152	145
2021 Series B Wastewater revenue note fund	89	86
Commercial Paper - Tax Exempt	75	63
Total cash and investments outside City Treasury	<u>115,156</u>	<u>39,358</u>
Interest and other receivables:		
Wastewater revenue bond construction fund including interest, prepaid, and other receivables	1,608	2,735
Due from other government for State Revolving Fund	13,942	202,795
Total restricted assets	<u>\$ 169,280</u>	<u>244,888</u>

Restricted assets listed above as cash and investments with City Treasury are held in fund accounts within the Sewer Revenue Fund of the City Treasury.

Hetchy Water Restricted Assets

Hetchy Water restricted assets held in trust consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and investments with City Treasury:		
Hetch Hetchy bond construction fund	\$ 10,980	—
Total restricted assets	<u>\$ 10,980</u>	<u>—</u>

Restricted assets listed above as cash and investments with City Treasury are held in fund accounts within the Hetchy Water Revenue Fund.

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Hetchy Power Restricted Assets

Pursuant to the Hetchy Power Trust Indenture (the "Indenture"), established in fiscal year 2015, net revenues of the Hetchy Power are pledged first to the 2015 Series AB Bonds and 2021 Series AB Bonds, and have a priority lien on the pledge of net revenues to the outstanding CREBs, QECBs, and NCREBs (the "Subordinate Obligations"). The Lease/Purchase Agreements for the Subordinate Obligations pledge the net revenues of the Hetchy Power to these bonds, and such pledge is subordinate in lien to the net revenues pledged for the 2015 Series AB Bonds and 2021 Series AB Bonds (the "Bonds" or "Bond").

In the Indenture, the SFPUC covenants and agrees that it will pay into the Revenue Fund as received all Revenues of Hetchy Power and shall be used and applied, as provided by the Indenture, solely for the purposes of operating and maintaining Hetchy Power and paying all costs, charges, and expenses in connection therewith and for the purpose of making repairs, renewals, and replacements to Hetchy Power and constructing additions, betterments, and extensions thereto.

The Indenture provides that Revenues deposited in the Revenue Fund shall be disbursed in the following order of priority:

1. The payment of operation and maintenance expenses;
2. Any priority reconstruction and replacement fund deposits;
3. Deposit in the interest account of each Bond Fund;
4. Deposit in the bond retirement account of each Bond Fund;
5. Deposit in the reserve fund;
6. (i) Payment of principal and premium, if any, and interest on any Subordinate Obligations; (ii) deposit into a reserve fund securing any Subordinate Obligations; (iii) Swap Agreement payments pursuant to Swap Agreements entered into by the SFPUC with respect to any Subordinate Obligations; and (iv) payment to any financial institution or insurance company providing any letter of credit, line of credit, or other credit or liquidity facility, including municipal bond insurance and guarantees, that secures the payment of principal or interest on any Subordinate Obligations; in each case in any order of priority within this paragraph which may be hereafter established by the SFPUC by resolution;
7. Any additional reconstruction and replacement fund deposits into the reconstruction and replacement fund;
8. Any necessary or desirable capital additions or improvements to the Hetchy Power;
9. Any payment under a Take-or-Pay Power Purchase Agreement that does not constitute an operation and maintenance expense;
10. Any payment under a Swap Agreement that does not constitute a Swap Agreement payment; and
11. Any other lawful purpose of the SFPUC.

In the Indenture, the SFPUC covenants and agrees to transfer to the Trustee for deposit in the Interest Account of each applicable Bond Fund all Refundable Credits received by the SFPUC.

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In accordance with the Agreements, Hetchy Power maintains certain restricted cash and investment balances in trust. Restricted assets held in trust consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash and investments with City Treasury:		
Hetch Hetchy bond construction fund	\$ 17,606	—
Cash and investments outside City Treasury:		
2009 Series C Certificates of Participation – 525 Golden Gate	231	223
2009 Series D Certificates of Participation – 525 Golden Gate	784	758
2015 Series A Revenue Bonds	2,261	2,194
2015 Series B Revenue Bonds	532	516
2021 Series AB Revenue Bonds	5,382	10,346
Commercial Paper	21	15
Total restricted cash and investments outside City Treasury	<u>9,211</u>	<u>14,052</u>
Interest receivable:		
Hetch Hetchy bond construction fund	4,151	4,303
Total restricted assets	\$ <u>30,968</u>	<u>18,355</u>

Restricted assets listed above as cash and investments with City Treasury are held in fund accounts within the Hetchy Power Revenue Fund.

(6) **Short-Term Debt**

Department-wide Business Type Activities

The following table summarizes the department-wide commercial paper debt.

	<u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>2023</u>
Water*	\$ 206,297	165,162	—	371,459
Wastewater	379,157	177,564	(556,721)	—
Hetchy Power*	40,019	76,333	—	116,352
SFPUC Total	\$ <u>625,473</u>	<u>419,059</u>	<u>(556,721)</u>	<u>487,811</u>

*The SFPUC had \$487,811 in outstanding commercial paper, which were repaid by the Water 2023 Series AB revenue bonds and Hetchy Power 2023 Series A revenue bonds issued in July 2023 and October 2023. The \$487,811 has been reclassified to long-term liabilities on the financial statements (see Note 18).

Water Short-Term Debt

The Commission and the Board of Supervisors have authorized the issuance of up to \$500,000 in commercial paper pursuant to the voter-approved 2002 Proposition E. As of June 30, 2023 and 2022, amounts outstanding under Proposition E were \$371,459 and \$206,297, respectively. Commercial paper interest rates ranged from 1.2% to 5.3%.

With maturities up to 270 days, the Water Enterprise intends to maintain the program by remarketing the commercial paper upon maturity over the near-to-medium term, at which time outstanding commercial paper will likely be refunded with revenue bonds. This is being done to take advantage of the continued low interest rate environment. If the commercial paper interest rates rise to a level that exceeds these benefits, the Water Enterprise will refinance the commercial paper with the long-term, fixed-rate debt.

As of June 30, 2023, the Water Enterprise had \$371,459 in outstanding commercial paper, which were repaid by the 2023 Series AB Water Revenue Bonds issued in July 2023. The \$371,459 has been reclassified to long-term liabilities on the financial statements (see Note 18).

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In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, the Water Enterprise had \$128,541 and \$293,703 in unused authorization as of June 30, 2023 and 2022, respectively. Significant Events of default as specified in the Reimbursement Agreements, or Revolving Credit Agreement include 1. payment defaults, 2. material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods) and 3. bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2023, there were no such events describe herein.

Wastewater Short-Term Debt

Under the voter approved 2002 Proposition E, the Commission and Board of Supervisors has authorized the issuance of up to \$750,000 in commercial paper for the purpose of reconstructing, expanding, repairing, or improving the Wastewater Enterprise's facilities. The Wastewater Enterprise had \$0 and \$379,157 in commercial paper outstanding as of June 30, 2023 and 2022, respectively.

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, the Wastewater Enterprise had \$750,000 and \$370,843 in unused authorization as of June 30, 2023 and 2022, respectively. Significant Events of default as specified in the Reimbursement Agreements, Revolving Credit and Term Loan Agreements, or Revolving Credit Agreements include 1. payment defaults, 2. material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements (not cured within applicable grace periods), and 3. bankruptcy and insolvency events, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2023, there were no such events described herein.

Hetchy Water Short-Term Debt

Hetchy Water had no commercial paper outstanding as of June 30, 2023 and 2022.

Hetchy Power Short-Term Debt

Effective March 2019, under Charter Sections 9.107(6) and 9.107(8), and 2018 Proposition A, the Commission and Board of Supervisors authorized the issuance of up to \$250,000 in commercial paper notes for the purpose of reconstructing, replacing, expanding, repairing or improving power facilities of Hetchy Power. Interest rates for the commercial paper ranged from 1.1% to 3.2% and 0.1% to 1.1% in fiscal years 2023 and 2022, respectively. Hetchy Power had \$116,352 and \$40,019 commercial paper outstanding as of June 30, 2023 and 2022, respectively. The Power Enterprise had \$133,648 and \$209,981 in unused authorization as of June 30, 2022 and 2021, respectively.

Hetchy Power had \$116,352 in outstanding commercial paper, which were repaid by the 2023 Series A bonds issued in October 2023. The \$116,352 has been reclassified to long-term liabilities on the financial statements (see Note 18).

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, Significant Events of default as specified in the Reimbursement Agreements include 1. non-payment, 2. material breach of warranty, representation, or other non-remedied breach of covenants as specified in the respective agreements and 3. bankruptcy, which may result in all outstanding obligations to be immediately due and payable (unless waived by the respective Bank, if applicable); or issuance of a No-Issuance Notice, reduction in credit to outstanding amount plus interest coverage, and/or termination of the respective agreement. As of June 30, 2023, there were no such events described herein.

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CleanPowerSF Short-Term Debt

CleanPowerSF had no commercial paper outstanding as of June 30, 2023 and 2022.

(7) Changes in Long-Term Liabilities

Department-wide Long-Term Liability activities for the years ended June 30, 2023 and 2022 are as follows:

	Interest rate	Maturity (Calendar Year)	Restated 2022 [#]	Additions	Reductions	2023	Due within one year
Revenue Bonds:							
2010B water revenue bonds (Build America)	4.00 – 6.00	2040	\$ 349,170	—	(12,780)	336,390	13,245
2010B wastewater revenue bonds (Build America)	4.65 – 5.82	2040	192,515	—	(7,280)	185,235	7,505
2010E water revenue bonds (Build America)	4.90 – 6.00	2040	344,200	—	(12,745)	331,455	13,165
2010G water revenue bonds (Build America)	6.95	2050	351,470	—	—	351,470	—
2013A wastewater revenue bonds	1.00 – 5.00	2025	15,535	—	(14,960)	575	575
2013B wastewater revenue bonds	4.00 – 5.00	2042	331,585	—	(238,490)	93,095	—
2015A water revenue refunding bonds	2.00 – 5.00	2036	382,420	—	(16,045)	366,375	28,070
2015A hetchy power revenue bonds	4.00 – 5.00	2045	32,025	—	—	32,025	—
2015B hetchy power revenue bonds	3.00 – 4.00	2026	3,735	—	(850)	2,885	880
2016A water revenue refunding bonds	4.00 – 5.00	2039	719,735	—	(32,790)	686,945	23,590
2016B water revenue refunding bonds	1.50 – 5.00	2030	71,510	—	(12,530)	58,980	13,175
2016C water revenue bonds	0.87 – 4.19	2046	231,230	—	(5,955)	225,275	6,105
2016A wastewater revenue bonds	4.00 – 5.00	2046	240,580	—	—	240,580	5,475
2016B wastewater revenue bonds	4.00 – 5.00	2046	67,820	—	—	67,820	1,545
2017A water revenue bonds	5.00	2047	27,000	—	(2,325)	24,675	2,445
2017B water revenue bonds	5.00	2047	32,930	—	(2,835)	30,095	2,985
2017C water revenue bonds	5.00	2047	15,750	—	(1,355)	14,395	1,425
2017D water revenue refunding bonds	2.00 – 5.00	2035	346,795	—	(1,455)	345,340	1,270
2017E water revenue refunding bonds	4.00 – 5.00	2031	48,890	—	(765)	48,125	795
2017F water revenue refunding bonds	5.00	2031	8,705	—	(700)	8,005	735
2017G water revenue refunding bonds	2.03 – 2.91	2024	31,960	—	(13,070)	18,890	13,665
2018A wastewater revenue bonds	4.00 – 5.00	2043	229,050	—	(7,715)	221,335	7,160
2018B wastewater revenue bonds	5.00	2043	185,950	—	(6,260)	179,690	5,810
2018C wastewater revenue bonds	2.13	2048	179,145	—	(179,145)	—	—
2019A water revenue refunding bonds	1.81 – 3.47	2043	591,320	—	(3,495)	587,825	3,565
2019B water revenue refunding bonds	3.15 – 3.52	2041	16,385	—	(70)	16,315	70
2019C water revenue refunding bonds	3.15 – 3.52	2041	17,850	—	(75)	17,775	80
2020A water revenue bonds	4.00 – 5.00	2050	150,895	—	—	150,895	—
2020B water revenue bonds	5.00	2050	61,330	—	—	61,330	—
2020C water revenue bonds	4.00	2050	85,335	—	—	85,335	—
2020D water revenue bonds	3.00	2050	49,200	—	—	49,200	—
2020E water revenue refunding bonds	2.83 – 2.95	2047	335,535	—	(500)	335,035	1,530
2020F water revenue refunding bonds	0.26 – 3.15	2047	135,455	—	—	135,455	1,430
2020G water revenue refunding bonds	0.26 – 3.10	2043	114,765	—	(5,795)	108,970	7,065
2020H water revenue refunding bonds	0.26 – 3.15	2047	64,815	—	—	64,815	685
2021A wastewater revenue bonds	4.00 – 5.00	2051	260,835	—	—	260,835	—
2021B wastewater revenue bonds	5.00	2051	37,045	—	—	37,045	—
2021A hetchy power revenue Bonds	4.00 – 5.00	2052	74,280	—	—	74,280	—
2021B hetchy power revenue Bonds	4.00 – 5.00	2052	49,720	—	—	49,720	—
2022B wastewater revenue bonds	5.00	2034	—	137,080	—	137,080	—
2023A wastewater revenue bonds	5.00 – 5.25	2042	—	530,565	—	530,565	—
2023B wastewater revenue bonds	4.00 – 5.00	2042	—	278,155	—	278,155	—
2023C wastewater revenue bonds	4.00	2048	—	165,660	—	165,660	—
Clean Renewable Energy Bonds	0.00	2022	421	—	(421)	—	—
Qualified Energy Conservation Bonds	4.74	2027	3,138	—	(555)	2,583	562
New Clean Renewable Energy Bonds	4.62	2032	1,637	—	(146)	1,491	148
Less issuance discount			(130)	—	15	(115)	—
Add issuance premiums			497,138	178,474	(56,828)	618,784	—
Revenue Notes:							
2021A wastewater - Biosolids	1.00	2025	218,355	—	—	218,355	—
2021B wastewater - SEP Headworks	1.00	2026	129,110	—	—	129,110	—
Add issuance premiums			2,891	—	(800)	2,091	—
Total revenue bonds & notes payable			7,337,030	1,289,934	(638,720)	7,988,244	164,755
2009C Certificates of Participation (COPs)	2.00 – 5.00	2022	4,375	—	(4,375)	—	—
2009C COPs issuance premiums			20	—	(20)	—	—
2009D COPs (Build America)	6.36 – 6.49	2041	129,550	—	—	129,550	4,576
State Revolving Fund Loans (CWSRF Loans) Water	1.00 – 1.10	2057	121,761	41,866	—	163,627	—
State Revolving Fund Loans (CWSRF Loans) Wastewater	0.80 – 1.80	2051	302,659	18,511	(2,481)	318,689	2,526
Water Infrastructure Finance and Innovation Act Loans (WIFIA)	1.45	2059	—	122,357	—	122,357	—
Water Commercial Papers	1.20 – 5.30	2023	—	371,459	—	371,459	—
Hetchy Power Commercial Papers	1.05 – 3.15	2023	—	116,352	—	116,352	—
Arbitrage rebate payable			—	188	—	188	—
Other post-employment benefits obligations			227,147	7,757	(88)	234,816	—
Net Pension Liability			—	198,360	—	198,360	—
Accrued vacation and sick leave			30,942	20,145	(19,115)	31,972	16,490
Accrued workers' compensation			19,997	7,260	(6,067)	21,190	4,040
Due to Other City departments*			380	4,048	(380)	4,048	4,048
Lease liability			6,870	2,798	(4,054)	5,614	2,521
Subscription liability			3,132	—	(1,709)	1,423	806
Damage claims liability			49,796	17,111	(36,048)	30,859	13,541
Wholesale balancing account water			79,150	—	(79,150)	—	—
Pollution remediation obligations			9,331	—	(260)	9,071	—
Unearned revenues, refunds, and other			20,057	33,434	(40,775)	12,716	12,136
			\$ 8,342,197	2,251,580	(833,242)	9,760,535	225,439

*Ending balance included elimination entries of \$518 interfund payables and receivables between Wastewater and Hetchy Power for the Golden Gate Avenue Headquarters Living Machine.

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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	Interest rate	Maturity (Calendar Year)	2021	Additions	Reductions	Restated 2022#	Due within one year
Revenue Bonds:							
2010A wastewater revenue bonds	4.00 – 5.00 %	2021	\$ 8,820	—	(8,820)	—	—
2010B water revenue bonds (Build America)	4.00 – 6.00	2040	361,500	—	(12,330)	349,170	12,780
2010B wastewater revenue bonds (Build America)	4.65 – 5.82	2040	192,515	—	—	192,515	7,280
2010E water revenue bonds (Build America)	4.90 – 6.00	2040	344,200	—	—	344,200	12,745
2010G water revenue bonds (Build America)	6.95	2050	351,470	—	—	351,470	—
2011B water revenue bonds	3.50 – 5.00	2041	755	—	(755)	—	—
2011C water revenue bonds	3.00 – 5.00	2041	825	—	(825)	—	—
2013A wastewater revenue bonds	1.00 – 5.00	2025	29,595	—	(14,060)	15,535	13,090
2013B wastewater revenue bonds	4.00 – 5.00	2042	331,585	—	—	331,585	—
2015A water revenue refunding bonds	2.00 – 5.00	2036	397,745	—	(15,325)	382,420	16,045
2015A hetchy power revenue bonds	4.00 – 5.00	2045	32,025	—	—	32,025	—
2015B hetchy power revenue bonds	3.00 – 4.00	2026	4,550	—	(815)	3,735	850
2016A water revenue refunding bonds	4.00 – 5.00	2039	743,050	—	(23,315)	719,735	32,790
2016B water revenue refunding bonds	1.50 – 5.00	2030	81,525	—	(10,015)	71,510	12,530
2016C water revenue bonds	0.87 – 4.19	2046	237,050	—	(5,820)	231,230	5,955
2016A wastewater revenue bonds	4.00 – 5.00	2046	240,580	—	—	240,580	—
2016B wastewater revenue bonds	4.00 – 5.00	2046	67,820	—	—	67,820	—
2017A water revenue bonds	5.00	2047	27,000	—	—	27,000	2,325
2017B water revenue bonds	5.00	2047	32,930	—	—	32,930	2,835
2017C water revenue bonds	5.00	2047	15,750	—	—	15,750	1,355
2017D water revenue refunding bonds	2.00 – 5.00	2035	347,720	—	(925)	346,795	1,455
2017E water revenue refunding bonds	4.00 – 5.00	2031	48,890	—	—	48,890	765
2017F water revenue refunding bonds	5.00	2031	8,705	—	—	8,705	700
2017G water revenue refunding bonds	2.03 – 2.91	2024	32,780	—	(820)	31,960	13,070
2018A wastewater revenue bonds	4.00 – 5.00	2043	229,050	—	—	229,050	7,715
2018B wastewater revenue bonds	5.00	2043	185,950	—	—	185,950	6,260
2018C wastewater revenue bonds	2.13	2048	179,145	—	—	179,145	—
2019A water revenue refunding bonds	1.81 – 3.47	2043	615,725	—	(24,405)	591,320	3,495
2019B water revenue refunding bonds	3.15 – 3.52	2041	16,450	—	(65)	16,385	70
2019C water revenue refunding bonds	3.15 – 3.52	2041	17,925	—	(75)	17,850	75
2020A water revenue bonds	4.00 – 5.00	2050	150,895	—	—	150,895	—
2020B water revenue bonds	5.00	2050	61,330	—	—	61,330	—
2020C water revenue bonds	4.00	2050	85,335	—	—	85,335	—
2020D water revenue bonds	3.00	2050	49,200	—	—	49,200	—
2020E water revenue refunding bonds	2.83 – 2.95	2047	341,435	—	(5,900)	335,535	500
2020F water revenue refunding bonds	0.26 – 3.15	2047	136,880	—	(1,425)	135,455	—
2020G water revenue refunding bonds	0.26 – 3.10	2043	120,585	—	(5,820)	114,765	5,795
2020H water revenue refunding bonds	0.26 – 3.15	2047	65,495	—	(680)	64,815	—
2021A wastewater revenue bonds	4.00 – 5.00	2051	—	260,835	—	260,835	—
2021B wastewater revenue bonds	5.00	2051	—	37,045	—	37,045	—
2021A hetchy power revenue Bonds	4.00 – 5.00	2052	—	74,280	—	74,280	—
2021B hetchy power revenue Bonds	4.00 – 5.00	2052	—	49,720	—	49,720	—
Clean Renewable Energy Bonds	0.00	2022	843	—	(422)	421	421
Qualified Energy Conservation Bonds	4.74	2027	3,687	—	(549)	3,138	555
New Clean Renewable Energy Bonds	4.62	2032	1,779	—	(142)	1,637	146
Less issuance discount			(153)	—	23	(130)	(6)
Add issuance premiums			430,068	102,842	(35,772)	497,138	—
Revenue Notes:							
2021A wastewater - Biosolids	1.00	2025	—	218,355	—	218,355	—
2021B wastewater - SEP Headworks	1.00	2026	—	129,110	—	129,110	—
Add issuance premiums			—	3,358	(467)	2,891	—
Total revenue bonds & notes payable			6,631,009	875,545	(169,524)	7,337,030	161,596
2009C Certificates of Participation (COPs)	2.00 – 5.00	2022	8,535	—	(4,160)	4,375	4,375
2009C COPs issuance premiums			95	—	(75)	20	20
2009D COPs (Build America)	6.36 – 6.49	2041	129,550	—	—	129,550	—
State Revolving Fund Loans (CWWSRF Loans) Water	1.00	2051	107,407	14,354	—	121,761	3,283
State Revolving Fund Loans (CWWSRF Loans) Wastewater	0.80 – 1.80	2051	108,559	196,583	(2,483)	302,659	2,481
Other post-employment benefits obligations			234,488	25,469	(32,810)	227,147	—
Net Pension Liability			382,382	—	(382,382)	—	—
Accrued vacation and sick leave			31,776	13,941	(14,775)	30,942	15,427
Accrued workers' compensation			18,648	6,555	(5,206)	19,997	3,708
Due to Other City departments*			369	11	—	380	380
Lease liability			10,945	27	(4,102)	6,870	3,587
Subscription liability			—	3,932	(800)	3,132	1,709
Damage claims liability			55,075	13,104	(18,383)	49,796	20,115
Wholesale balancing account water			60,864	18,633	(347)	79,150	48,422
Pollution remediation obligations			9,071	260	—	9,331	—
Unearned revenues, refunds, and other			16,159	23,113	(19,215)	20,057	10,143
			\$ 7,804,932	1,191,527	(654,262)	8,342,197	275,246

*Ending balance included elimination entries of \$629 interfund payables and receivables between Wastewater and Hetchy Power for the 525 Golden Gate Avenue Headquarters Living Machine.

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

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(Dollars in thousands, unless otherwise stated)

Water Long-Term Liability activities for the years ended June 30, 2023 and 2022 are as follows:

	Interest rate	Maturity (Calendar Year)	Restated 2022 [#]	Additions	Reductions	2023	Due within one year
Revenue Bonds:							
2010B revenue bonds (Build America)	4.00 – 6.00 %	2040	\$ 349,170	—	(12,780)	336,390	13,245
2010E revenue bonds (Build America)	4.90 – 6.00	2040	344,200	—	(12,745)	331,455	13,165
2010G revenue bonds (Build America)	6.95	2050	351,470	—	—	351,470	—
2015A revenue refunding bonds	2.00 – 5.00	2036	382,420	—	(16,045)	366,375	28,070
2016A revenue refunding bonds	4.00 – 5.00	2039	719,735	—	(32,790)	686,945	23,590
2016B revenue refunding bonds	1.50 – 5.00	2030	71,510	—	(12,530)	58,980	13,175
2016C revenue bonds	0.87 – 4.19	2046	231,230	—	(5,955)	225,275	6,105
2017A revenue bonds	5.00	2047	27,000	—	(2,325)	24,675	2,445
2017B revenue bonds	5.00	2047	32,930	—	(2,835)	30,095	2,985
2017C revenue bonds	5.00	2047	15,750	—	(1,355)	14,395	1,425
2017D revenue refunding bonds	2.00 – 5.00	2035	346,795	—	(1,455)	345,340	1,270
2017E revenue refunding bonds	4.00 – 5.00	2031	48,890	—	(765)	48,125	795
2017F revenue refunding bonds	5.00	2031	8,705	—	(700)	8,005	735
2017G revenue refunding bonds	2.03 – 2.91	2024	31,960	—	(13,070)	18,890	13,665
2019A revenue refunding bonds	1.81 – 3.47	2043	591,320	—	(3,495)	587,825	3,565
2019B revenue refunding bonds	3.15 – 3.52	2041	16,385	—	(70)	16,315	70
2019C revenue refunding bonds	3.15 – 3.52	2041	17,850	—	(75)	17,775	80
2020A revenue bonds	4.00 – 5.00	2050	150,895	—	—	150,895	—
2020B revenue bonds	5.00	2050	61,330	—	—	61,330	—
2020C revenue bonds	4.00	2050	85,335	—	—	85,335	—
2020D revenue bonds	3.00	2050	49,200	—	—	49,200	—
2020E revenue refunding bonds	2.83 – 2.95	2047	335,535	—	(500)	335,035	1,530
2020F revenue refunding bonds	0.26 – 3.15	2047	135,455	—	—	135,455	1,430
2020G revenue refunding bonds	0.26 – 3.10	2043	114,765	—	(5,795)	108,970	7,065
2020H revenue refunding bonds	0.26 – 3.15	2047	64,815	—	—	64,815	685
Less issuance discount			(124)	—	9	(115)	—
Add issuance premiums			276,409	—	(24,813)	251,596	—
Total revenue bonds payable			4,860,935	—	(150,089)	4,710,846	135,095
2009C Certificates of Participation (COPs)	2.00 – 5.00	2022	3,124	—	(3,124)	—	—
2009C COPs issuance premiums			14	—	(14)	—	—
2009D COPs (Build America)	6.36 – 6.49	2041	92,499	—	—	92,499	3,267
State Revolving Funds Loan	1.00 – 1.10	2057	121,761	41,866	—	163,627	—
Commercial Papers	1.20 – 5.30	2023	—	371,459	—	371,459	—
Other post-employment benefits obligations			144,115	4,486	—	148,601	—
Net pension liability			—	115,343	—	115,343	—
Accrued vacation and sick leave			13,729	12,427	(12,571)	13,585	7,057
Accrued workers' compensation			8,973	3,984	(3,222)	9,735	1,914
Lease liability			2,863	2,562	(1,415)	4,010	1,189
Subscription liability			1,556	—	(848)	708	400
Damage claims liability			36,069	1,898	(18,342)	19,625	11,125
Wholesale balancing account			79,150	—	(79,150)	—	—
Pollution remediation obligations			1,271	—	—	1,271	—
Total			\$ 5,366,059	554,025	(268,775)	5,651,309	160,047

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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(Dollars in thousands, unless otherwise stated)

	Interest rate	Maturity (Calendar Year)	2021	Additions	Reductions	Restated 2022 [#]	Due within one year
Revenue Bonds:							
2010B revenue bonds (Build America)	4.00 – 6.00 %	2040	\$ 361,500	—	(12,330)	349,170	12,780
2010E revenue bonds (Build America)	4.90 – 6.00	2040	344,200	—	—	344,200	12,745
2010G revenue bonds (Build America)	6.95	2050	351,470	—	—	351,470	—
2011B revenue bonds	3.50 – 5.00	2041	755	—	(755)	—	—
2011C revenue bonds	3.00 – 5.00	2041	825	—	(825)	—	—
2015A revenue refunding bonds	2.00 – 5.00	2036	397,745	—	(15,325)	382,420	16,045
2016A revenue refunding bonds	4.00 – 5.00	2039	743,050	—	(23,315)	719,735	32,790
2016B revenue refunding bonds	1.50 – 5.00	2030	81,525	—	(10,015)	71,510	12,530
2016C revenue bonds	0.87 – 4.19	2046	237,050	—	(5,820)	231,230	5,955
2017A revenue bonds	5.00	2047	27,000	—	—	27,000	2,325
2017B revenue bonds	5.00	2047	32,930	—	—	32,930	2,835
2017C revenue bonds	5.00	2047	15,750	—	—	15,750	1,355
2017D revenue refunding bonds	2.00 – 5.00	2035	347,720	—	(925)	346,795	1,455
2017E revenue refunding bonds	4.00 – 5.00	2031	48,890	—	—	48,890	765
2017F revenue refunding bonds	5.00	2031	8,705	—	—	8,705	700
2017G revenue refunding bonds	2.03 – 2.91	2024	32,780	—	(820)	31,960	13,070
2019A revenue refunding bonds	1.81 – 3.47	2043	615,725	—	(24,405)	591,320	3,495
2019B revenue refunding bonds	3.15 – 3.52	2041	16,450	—	(65)	16,385	70
2019C revenue refunding bonds	3.15 – 3.52	2041	17,925	—	(75)	17,850	75
2020A revenue bonds	4.00 – 5.00	2050	150,895	—	—	150,895	—
2020B revenue bonds	5.00	2050	61,330	—	—	61,330	—
2020C revenue bonds	4.00	2050	85,335	—	—	85,335	—
2020D revenue bonds	3.00	2050	49,200	—	—	49,200	—
2020E revenue refunding bonds	2.83 – 2.95	2047	341,435	—	(5,900)	335,535	500
2020F revenue refunding bonds	0.26 – 3.15	2047	136,880	—	(1,425)	135,455	—
2020G revenue refunding bonds	0.26 – 3.10	2043	120,585	—	(5,820)	114,765	5,795
2020H revenue refunding bonds	0.26 – 3.15	2047	65,495	—	(680)	64,815	—
Less issuance discount			(133)	—	9	(124)	—
Add issuance premiums			301,758	—	(25,349)	276,409	—
Total revenue bonds payable			4,994,775	—	(133,840)	4,860,935	125,285
2009C Certificates of Participation (COPs)	2.00 – 5.00	2022	6,094	—	(2,970)	3,124	3,124
2009C COPs issuance premiums			69	—	(55)	14	14
2009D COPs (Build America)	6.36 – 6.49	2041	92,499	—	—	92,499	—
State Revolving Funds Loan	1.00	2051	107,407	14,354	—	121,761	3,283
Other post-employment benefits obligations			148,771	14,868	(19,524)	144,115	—
Net pension liability			216,417	—	(216,417)	—	—
Accrued vacation and sick leave			13,916	8,177	(8,364)	13,729	6,888
Accrued workers' compensation			8,828	2,793	(2,648)	8,973	1,700
Lease liability			4,244	—	(1,381)	2,863	1,008
Subscription liability			—	1,556	—	1,556	848
Damage claims liability			36,723	452	(1,106)	36,069	10,191
Wholesale balancing account			60,864	18,633	(347)	79,150	48,422
Pollution remediation obligations			1,271	—	—	1,271	—
Total			\$ 5,691,878	60,833	(386,652)	5,366,059	200,763

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

The payments of principal and interest amounts on various bonds are secured by net revenues of the Water Enterprise.

a) Water Revenue Bonds 2010 Series B

The 2010 Series B Bonds in the par amount of \$417,720 were issued as taxable Build America Bonds (with Direct Pay Subsidy) to provide \$364,757 in new money for WSIP capital projects and pay financing costs. The 2010 Series B bonds were issued as serial and term bonds with coupons ranging from 4.0% to 6.0% and have a final maturity of 2040. The Series B bonds have a true interest cost (net of federal subsidy) of 3.9%. As of June 30, 2023 and 2022, the principal amount outstanding was \$336,390 and \$349,170, respectively.

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(Dollars in thousands, unless otherwise stated)

b) Water Revenue Bonds 2010 Series DE

In July 2010, the Water Enterprise issued revenue bonds 2010 Series DE in the combined principal amount of \$446,925. The purpose of the bonds is to advance refund \$31,570 of outstanding 2002 Series A revenue bonds and to provide \$372,689 in new money for WSIP capital projects, with the balance applied to financing costs and a cash-funded debt service reserve fund. The bonds were rated “AA-” and “Aa2” from S&P and Moody’s, respectively. The bonds included serial and term bonds with interest rates ranging from 3.0% to 6.0%.

The 2010 Series D Bonds in the par amount of \$102,725 were issued as tax-exempt bonds to provide \$72,243 in new money for WSIP capital projects and \$35,080 to advance refund a portion of outstanding 2002 Series A revenue bonds. The Series D bonds were issued as serial bonds with coupons ranging from 3.0% to 5.0% and have a final maturity of 2021. The Series D bonds have a true interest cost of 2.5%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$12,360 of the repayment proceeds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2010 Series D bonds. BAWSCA repayment funds were combined with \$165 from the 2010 Series D Capitalized Interest Account. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities – SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2010 Series D bonds maturing November 1, 2015 through 2017. A portion of the proceeds from 2020 Series E and 2020 Series G refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated October 1, 2020, to refund and legally defease the outstanding 2010 Series D bonds. These deposits, together with certain other available monies were held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to refund and legally defease all of the maturities of the 2010 Series D bonds starting on November 1, 2021. As of June 30, 2023 and 2022, the principal amount of 2010 Series D bonds outstanding was \$0.

The 2010 Series E Bonds in the par amount of \$344,200 were issued as taxable Build America Bonds (with Direct Pay Subsidy) to provide \$300,446 in new money proceeds for WSIP capital projects. The Series E bonds were issued as serial and term bonds with coupons ranging from 4.9% to 6.0% and have a final maturity of 2040. The Series E bonds have a true interest cost (net of federal subsidy) of 3.8%. As of June 30, 2023 and 2022, the principal amount of 2010 Series E bonds outstanding was \$331,455 and \$344,200, respectively.

c) Water Revenue Bonds 2010 Series FG

In December 2010, the Water Enterprise issued revenue bonds 2010 Series FG in the combined principal amount of \$532,430. The purpose of the bonds is to provide \$437,980 in new money for WSIP capital projects, with the balance applied to financing costs and a cash-funded debt service reserve. The bonds were rated “AA-” and “Aa2” from S&P and Moody’s, respectively. The bonds included serial and term bonds with interest rates ranging from 3.0% to 7.0%.

The \$351,470 Series G bonds were issued as taxable Build America Bonds (with Direct Pay Subsidy) to provide \$288,252 in new money for WSIP capital projects. The Series G bonds were issued as term bonds with a coupon of 7.0% and have a final maturity of 2050. The Series G bonds have a true interest cost (net of federal subsidy) of 4.5%. As of June 30, 2023 and 2022, the principal amount of 2010 Series G bonds outstanding was \$351,470.

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(Dollars in thousands, unless otherwise stated)

d) Water Revenue Bonds 2011 Series ABCD

In August 2011, the Water Enterprise issued revenue bonds, 2011 Series ABCD in the combined principal amount of \$720,750. The purpose of the bonds is to provide new money for WSIP capital projects, to finance Hetch Hetchy Water Improvements, and to finance the Local Water Main Replacement Projects, as well as refund \$56,670 of outstanding 2001 Series A and 2002 Series A revenue bonds, with the balance applied to financing costs and a cash-funded debt service reserve. The bonds were rated “AA-” and “Aa3” from S&P and Moody’s, respectively. The bonds included serial and term bonds with interest rates varying from 3.0% to 5.0%.

The \$602,715 Series A bonds were issued as tax-exempt bonds to provide \$525,000 in new money for WSIP capital projects. The Series A bonds were issued as serial and term bonds with coupons ranging from 4.3% to 5.0% and have a final maturity of 2041. The Series A bonds have a true interest cost of 4.6%.

A portion of the proceeds of the 2017 Series D and G and 2019 Series A refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2011 Series A bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series A bonds starting on November 1, 2020 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2011 Series A bonds outstanding was \$0.

The \$28,975 Series B bonds were issued as tax-exempt bonds to provide \$27,710 to finance improvements to certain up-country water storage and transmission facilities under the jurisdiction of Hetch Hetchy Water and Power and CleanPowerSF. The Series B bonds were issued as serial and term bonds with coupons ranging from 3.5% to 5.0% and have a final maturity of 2041. The Series B bonds have a true interest cost of 4.5%.

On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$515 of the repayment proceeds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2011 Series B bonds. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities – SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2011 Series B bonds maturing November 1, 2017 through 2018.

A portion of the proceeds from the 2017 Series F and 2019 Series B refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2011 Series B bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series B bonds starting on November 1, 2022 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2011 Series B bonds outstanding was \$0.

The \$33,595 series C bonds were issued as tax-exempt bonds to provide \$33,772 to finance certain water main replacement projects within the City. The Series C bonds were issued as serial and term bonds with coupons ranging from 3.0% to 5.0% and have a final maturity of 2041. The Series C bonds have a true interest cost of 4.4%.

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On February 27, 2013, the Wholesale Water Customers BAWSCA made an early repayment of \$356,139 to the Water Enterprise. \$3,824 of the repayment proceeds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement, dated February 27, 2013, to refund and legally defease a portion of the outstanding 2011 Series C bonds. This deposit, together with certain other available monies, was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities consisting of United States Treasury Securities – SLGS. The principal and interest on monies held by the escrow agent will be sufficient to partially defease a portion of the 2011 Series C bonds maturing November 1, 2014 through 2018.

A portion of the proceeds of the 2017 Series E and 2019 Series C refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and December 1, 2019, respectively, to refund and legally defease a portion of the outstanding 2011 Series C bonds. These deposits, together with certain other available monies were held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series C bonds starting on November 1, 2022 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2011 Series C bonds outstanding was \$0.

The \$55,465 Series D bonds were issued as tax-exempt bonds to provide \$59,381 to refund, on a current basis, a portion of the 2001 Series A bonds as well as refund, on an advance basis, a portion of the 2002 Series A bonds. The Series D bonds were issued as serial bonds with coupons ranging from 4.0% to 5.0% and have a final maturity of 2028. The Series D bonds have a true interest cost of 3.8%.

A portion of the proceeds of the 2017 Series E and 2020 Series G refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated December 1, 2017 and October 1, 2020, respectively, to refund and legally defease a portion of the outstanding 2011 Series D bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2011 Series D bonds starting on November 1, 2022 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2011 Series D bonds outstanding was \$0.

e) Water Revenue Refunding Bonds 2015 Series A

In April 2015, the Water Enterprise issued tax-exempt revenue bonds, 2015 Series A in the amount of \$429,600 for the purpose of refunding all the outstanding 2006 Series A bonds maturing on and after November 1, 2015 and portion of the outstanding 2009 Series A bonds maturing on and after November 1, 2023. The bonds carried “Aa3” and “AA-” ratings from Moody’s and S&P, respectively. The 2015 Series A bonds include serial bonds with interest rates varying from 2.0% to 5.0% and have a final maturity in 2036. The Series A bonds have a true interest cost of 3.3%. Unamortized 2006 Series A bond issuance costs were \$1,392, and there were no unamortized bond issuance costs for 2009 Series A bonds at the date of the refunding. The refunding resulted in the recognition of a deferred accounting loss of \$25,365, gross debt service savings of \$28,148 over the next 20 two-year terms, and an economic gain of \$48,561 or 10.3% of refunded principal. As of June 30, 2023 and 2022, the principal amount of 2015 Series A bonds outstanding was \$366,375 and \$382,420, respectively.

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f) Water Revenue Refunding Bonds 2016 Series AB

In October 2016, the Water Enterprise issued tax-exempt revenue bonds, 2016 Series AB in the aggregate amount of \$893,820. The 2016 Series A bonds were issued for the purpose of refunding a portion of the outstanding 2009 Series A bonds maturing on and after November 1, 2020, a portion of the outstanding 2009 Series B bonds maturing on and after November 1, 2020, and a portion of the outstanding 2010 Series F bonds maturing on and after November 1, 2021. The 2016 Series B bonds were issued for the purpose of refunding, on a current basis, all the outstanding 2006 Series B and Series C bonds, and a portion of the outstanding 2010 Series A bonds maturing on and after November 1, 2020, the bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2016 Series AB bonds include serial bonds with interest rates varying from 1.5% to 5.0% and have a final maturity in 2039. The Series AB bonds have a true interest cost of 2.9%. Unamortized bond issuance costs at the date of refunding were \$145 for 2006 Series B bonds and \$54 for 2006 Series C bonds. The refunding resulted in the recognition of a deferred accounting loss of \$106,205, gross debt service savings of \$135,966, and an economic gain of \$107,152 or 11.5% of refunded principal. As of June 30, 2023 and 2022, the principal amount of 2016 Series AB bonds outstanding was \$745,925 and \$791,245, respectively.

g) Water Revenue Bonds 2016 Series C

In December 2016, the Water Enterprise issued taxable bonds, 2016 Series C in the amount of \$259,350. The bonds were issued as Green Bonds. The purpose of the bonds was to refund all of the outstanding taxable commercial paper notes in the approximate amount of \$237,000, and to provide \$19,975 of new money for WSIP capital projects. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2016 Series C bonds include serial bonds with interest rates varying from 0.9% to 4.0% and have a final maturity in 2046, and two term bonds with 4.0% and 4.2% interest rates and final maturities of 2041 and 2046. The Series C bonds have a true interest cost of 3.9%. As of June 30, 2023 and 2022, the principal amount of 2016 Series C bonds outstanding was \$225,275 and \$231,230, respectively.

h) Water Revenue Bonds 2017 Series ABC

In December 2017, the Water Enterprise issued tax-exempt revenue bonds, 2017 ABC in the aggregate amount of \$339,540. The purpose of the 2017 Series ABC Bonds was to refund approximately \$120,500 aggregate principal amount of commercial paper notes and to provide \$230,500 new money for WSIP capital projects, other various capital projects of the Water Enterprise, and capital projects of Hetch Hetchy Water. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2017 Series ABC bonds include serial bonds with coupon rates of 5.0% and have final maturity in 2045, and four term bonds with coupons of 5.0% and final maturities from 2045 to 2047.

The \$121,140 2017 Series A bonds were issued as tax-exempt Green Bonds to refund approximately \$60,265 of commercial paper notes and to provide \$65,500 in new money for WSIP capital projects. The Series A bonds were issued as serial and term bonds with coupons of 5.0% and a final maturity of 2047. The Series A bonds have a true interest cost of 3.8%. A portion of the proceeds of the 2020 Series E refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement dated October 1, 2020 to refund and legally defease a portion of the outstanding 2017 Series A bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2017 Series A bonds starting on November 1, 2030 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2017 Series A bonds outstanding was \$24,675 and \$27,000, respectively.

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The \$147,725 2017 Series B bonds were issued as tax-exempt bonds to provide \$150,000 in new money for Water Enterprise capital projects (non-WSIP). The Series B bonds were issued as serial and term bonds with coupons of 5.0% and have a final maturity of 2047. The Series B bonds have a true interest cost of 3.8%. A portion of the proceeds of the 2020 Series F refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement dated October 1, 2020 to refund and legally defease a portion of the outstanding 2017 Series B bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2017 Series B bonds starting on November 1, 2030 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2017 Series B bonds outstanding was \$30,095 and \$32,930, respectively.

The \$70,675 2017 Series C bonds were issued as tax-exempt bonds to refund approximately \$60,266 of commercial paper notes and to provide \$15,000 in new money for Hetch Hetchy Water capital projects. The Series C bonds were issued as serial bonds and a term bond with coupons of 5.0% and have a final maturity of 2047. The Series C bonds have a true interest cost of 3.8%. A portion of the proceeds of the 2020 Series H refunding bonds were deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreement dated October 1, 2020 to refund and legally defease a portion of the outstanding 2017 Series C bonds. These deposits, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2017 Series C bonds starting on November 1, 2030 and thereafter. As of June 30, 2023 and 2022, the principal amount of 2017 Series C bonds outstanding was \$14,395 and \$15,750, respectively.

i) Water Revenue Refunding Bonds 2017 Series DEFG

In December 2017, the Water Enterprise issued tax-exempt revenue bonds, 2017 Series DEF, and taxable 2017 Series G refunding bonds in the aggregate amount of \$442,180. The 2017 Series D (WSIP, Green) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series A (WSIP) bonds maturing on and after November 1, 2022, a portion of the outstanding 2012 Series A bonds maturing on and after November 1, 2031.

The 2017 Series E bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series C bonds maturing on or after November 1, 2022, a portion of the outstanding 2011 Series D bonds maturing on and after November 1, 2022, a portion of 2012 Series C1 bonds maturing on or after November 1, 2029.

The 2017 Series F bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series B bonds maturing on or after November 1, 2022.

The taxable 2017 Series G (WSIP, Green) bonds were issued to refund a portion of the outstanding 2011 Series A bonds maturing on and after November 1, 2022.

The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively. The 2017 Series DEFG bonds include serial bonds with interest rates varying from 2.0% to 5.0% and have a final maturity in 2035. The Series DEFG bonds have a true interest cost of 2.9%. The refunding resulted in the recognition of a deferred accounting loss of \$34,275, gross debt service savings of \$68,942, and an economic gain of \$51,698 or 10.7% of refunded principal. As of June 30, 2023 and 2022, the principal amount of 2017 Series DEFG bonds outstanding was \$420,360 and \$436,350, respectively.

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j) Water Revenue Refunding Bonds 2019 Series ABC

In January 2020, the Water Enterprise issued taxable revenue bonds, 2019 Series ABC refunding bonds in the aggregate amount of \$656,955. The 2019 Series A (WSIP, Green) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series F (WSIP) bonds maturing on and after November 1, 2020, a portion of the outstanding 2011 Series A (WSIP) bonds maturing on and after November 1, 2020, and a portion of the outstanding 2012 Series A (WSIP) bonds maturing on and after November 1, 2035.

The 2019 Series B (Hetch Hetchy Water) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series B bonds maturing on or after November 1, 2032.

The 2019 Series C (Local) bonds were issued for the purpose of refunding a portion of the outstanding 2011 Series C bonds maturing on or after November 1, 2032.

The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2019 Series ABC bonds include serial bonds with interest rates varying from 1.8% to 3.5% and have a final maturity in 2043. The Series ABC bonds have a true interest cost of 3.3%. The refunding resulted in the recognition of a deferred accounting loss of \$17,329, gross debt service savings of \$119,827, and an economic gain of \$92,556 or 14.0% of refunded principal. As of June 30, 2023 and 2022, the principal amount of 2019 Series ABC bonds outstanding was \$621,915 and \$625,555, respectively.

k) Water Revenue Bonds 2020 Series ABCD

In September 2020, the Water Enterprise issued tax-exempt revenue bonds, 2020 Series ABCD in the aggregate amount of \$346,760. The purpose of the 2020 Series ABCD Bonds was to refund approximately \$229,770 aggregate principal amount of commercial paper notes and to provide \$164,632 new money for various capital projects of the Water Enterprise, and capital projects of Hetch Hetchy Water. The bonds carried "Aa2" and "AA-" ratings from Moody's and S&P, respectively. The 2020 Series ABCD bonds include term bonds with coupons of 3.0% to 5.0% and final maturities from 2045 to 2050.

The \$150,895 2020 Series A bonds were issued as tax-exempt Green Bonds to refund approximately \$180,000 of commercial paper notes for WSIP capital projects. The Series A bonds were issued as term bonds with coupons of 4.0% and 5.0% and a final maturity of 2050. The 2020 Series A bonds have a true interest cost of 3.3%. As of June 30, 2023 and 2022, the principal amount of 2020 Series A bonds outstanding was \$150,895.

The \$61,330 Series B bonds were Issued as tax-exempt bonds to provide \$69,644 in new money for Water Enterprise capital projects (non-WSIP, Regional). The Series B bonds were issued as term bonds with coupons of 5.0% and have a final maturity of 2050. The Series B bonds have a true interest cost of 3.7%. As of June 30, 2023 and 2022, the principal amount of 2020 Series B bonds outstanding was \$61,330.

The \$85,335 Series C bonds were issued as tax-exempt bonds to provide \$94,948 in new money for Water Enterprise capital projects (non-WSIP, Local). The Series C bonds were issued as term bonds with coupons of 4.0% and have a final maturity of 2050. The Series C bonds have a true interest cost of 3.0%. As of June 30, 2023 and 2022, the principal amount of 2020 Series C bonds outstanding was \$85,335.

The \$49,200 Series D bonds were issued as tax-exempt bonds to refund approximately \$49,761 of commercial paper notes for Hetch Hetchy Water capital projects. The Series D bonds were issued as term bonds with coupons of 3.0% and a final maturity of 2050. The 2020 Series D bonds have a true interest cost of 2.7%. As of June 30, 2023 and 2022, the principal amount of 2020 Series D bonds outstanding was \$49,200.

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l) Water Revenue Bonds 2020 Series EFGH

In October 2020, the Water Enterprise issued taxable revenue bonds, 2020 Series EFGH refunding bonds in the aggregate amount of \$664,395. The 2020 Series E (WSIP, Green) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series D (WSIP) bonds maturing on and after November 1, 2020, a portion of the outstanding 2012 Series A (WSIP) bonds maturing on and after November 1, 2038, and a portion of the outstanding 2017 Series A (WSIP) bonds maturing on and after November 1, 2030.

The 2020 Series F (non-WSIP, Regional) bonds were issued for the purpose of refunding a portion of the outstanding 2017 Series B bonds maturing on or after November 1, 2030.

The 2020 Series G (non-WSIP, Local) bonds were issued for the purpose of refunding a portion of the outstanding 2010 Series D bonds maturing on or after November 1, 2020, a portion of the 2011 Series D bonds maturing on or after November 1, 2022, a portion of 2012 Series B bonds maturing on or after November 1, 2031, and a portion of 2012 Series C bonds maturing on or after November 1, 2025.

The 2020 Series H (Hetch Hetchy Water) bonds issued for the purpose of refunding a portion of the outstanding 2017 Series C bonds maturing on or after November 1, 2030.

The bonds carried “Aa2” and “AA-” ratings from Moody’s and S&P, respectively. The 2020 Series EFGH bonds include serial bonds and term bonds with interest rates varying from 0.3% to 3.1% and have a final maturity in 2047. The Series EFGH bonds have a true interest cost of 2.7%. The refunding resulted in the recognition of a deferred accounting loss of \$27,010, gross debt service savings of \$117,114, and an economic gain of \$75,212 or 12.0% of refunded principal. As of June 30, 2023 and 2022, the principal amount of 2020 Series EFGH bonds outstanding was \$644,275 and \$650,570, respectively.

m) Future Annual Debt Service of Revenue Bonds

The following table presents the future annual debt service relating to the revenue and refunding bonds outstanding as of June 30, 2023. The federal interest subsidy amounts represent 35.0%, excluding sequestration, of the interest for the revenue bond 2010 Series B, E, and G.

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2024	\$ 135,095	197,481	(20,841)	176,640
2025	140,485	191,563	(20,370)	171,193
2026	151,930	185,085	(19,876)	165,209
2027	157,635	177,956	(19,345)	158,611
2028	163,125	170,410	(18,772)	151,638
2029-2033	926,810	728,151	(83,650)	644,501
2034-2038	1,117,065	489,895	(59,144)	430,751
2039-2043	924,965	255,105	(29,912)	225,193
2044-2048	443,220	125,062	(14,788)	110,274
2049-2051	299,035	23,037	(2,629)	20,408
Total	<u>4,459,365</u>	<u>2,543,745</u>	<u>(289,327)</u>	<u>2,254,418</u>
Less: Current portion	(135,095)			
Less: Unamortized bond discount	(115)			
Add: Unamortized bond premiums	251,596			
Long-term portion as of June 30, 2023	<u>\$ 4,575,751</u>			

*The SFPUC received an IRS notice dated May 25, 2023 that the federal interest subsidies on the 2010 Series B bonds, 2010 Series E bonds, and 2010 Series G bonds are reduced by 5.7%, or a total reduction of \$17,488, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

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As defined in the Indentures, the principal and interest of the Water Enterprise's revenue and refunding bonds are payable from its revenues, as well as monies deposited in certain funds and accounts pledged thereto (see Note 5).

n) SF Westside Recycled Water Project and Future Annual Debt Service for Clean Water State Revolving Fund (CWSRF) Loan and Grant

In September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan and Grant to fund the Water Enterprise's SF Westside Recycled Water Project. The CWSRF loan is in the amount of \$186,220, which includes \$15,000 of principal forgiveness, or a grant. It will bear an interest rate of 1.0% for a 30-year term, with loan repayment beginning one year after substantial completion of project construction. The CWSRF loan is secured on a parity lien basis with the Water Enterprise's outstanding revenue bonds.

The principal outstanding as of June 30, 2023 and 2022 were \$131,525 and \$121,761, respectively. In addition, there was \$15,000 of principal forgiveness in fiscal year 2023.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2024	\$ —	—	—
2025	—	—	—
2026	3,781	1,315	5,096
2027	3,819	1,277	5,096
2028	3,857	1,239	5,096
2029-2033	19,872	5,610	25,482
2034-2038	20,885	4,596	25,481
2039-2043	21,951	3,531	25,482
2044-2048	23,070	2,411	25,481
2049-2053	24,247	1,234	25,481
2054-2057	10,043	152	10,195
Total	<u>131,525</u>	<u>21,365</u>	<u>152,890</u>
Less: Current portion	—		
Long-term portion as of June 30, 2023	\$ <u>131,525</u>		

o) Mountain Tunnel Improvement Project and Future Annual Debt Service for Drinking Water State Revolving Fund (DWSRF) Loan

In April 2022, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Drinking Water State Revolving Fund (DWSRF) Loan to fund the Water Enterprise's Mountain Tunnel Improvement Project. The DWSRF loan is in the amount of \$238,219. It will bear an interest rate of 1.1% for a 30-year term, with interest payments beginning annually after the initial loan proceed draw occurs and loan principal repayment beginning one year after substantial completion of project construction. Power Enterprise is responsible for repayment for its share of SRF Loan debt service costs representing up to its allocable share of the cost of the Mountain Tunnel Improvement Project by a Memorandum of Understanding that will be executed with the Water Enterprise. The DWSRF loan is secured on a parity lien basis with the Water Enterprise's outstanding revenue bonds.

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The principal outstanding as of June 30, 2023 and 2022 was \$32,102 and \$0, respectively.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2024	\$ —	—	—
2025	—	—	—
2026	—	—	—
2027	—	—	—
2028	—	—	—
2029-2033	4,708	1,512	6,220
2034-2038	4,948	1,272	6,220
2039-2043	5,200	1,019	6,219
2044-2048	5,465	754	6,219
2049-2053	5,744	475	6,219
2054-2057	6,037	183	6,220
Total	<u>32,102</u>	<u>5,215</u>	<u>37,317</u>
Less: Current portion	—		
Long-term portion as of June 30, 2023	\$ <u>32,102</u>		

p) Proposition A

On November 5, 2002, the San Francisco voters passed Proposition A, which provides for the issuance of revenue bonds and/or other forms of indebtedness by the Commission in a principal amount not to exceed \$1,628,000 to finance the acquisition and construction of improvements to the City’s Water System. As of June 30, 2023, there was no commercial paper outstanding pursuant to this authorization and \$1,499,230 of bonds had been issued in fiscal years 2006, 2010, 2012, 2021 against Prop A. The total authorization against Prop A was \$1,499,230 as of June 30, 2023.

q) Proposition E

On November 5, 2002, the San Francisco voters passed Proposition E, which authorizes the Board of Supervisors’ approval of the issuance of revenue bonds and/or other forms of indebtedness by the Commission to finance costs for the Commission’s capital programs, including WSIP. As of June 30, 2023, the Board of Supervisors authorized the issuance of \$4,758,518 in revenue bonds with \$3,903,617 issued against this authorization; in September 2017 and amended in April 2023, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund (CWSRF) Loan and Grant to fund the Water Enterprise’s SF Westside Recycled Water Project in the amount of \$186,220 (which includes a \$15,000 grant) and in April 2022, the SFPUC entered in to an Installment Sale Agreement with the State Water Resources Control Board for a Drinking Water State Revolving Fund (DWSRF) Loan to fund the Mountain Tunnel Improvement Project in the amount of \$238,219. Additionally, \$371,459 and \$206,297 in commercial paper was outstanding pursuant to this authorization as of June 30, 2023 and 2022, respectively.

r) Events of Default and Remedies

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, significant events of default as specified in the Water Enterprise Indenture (applicable to Water Revenue Bonds, and CWSRF Loan) include 1) Non-payment 2) material breach of warranty, representation or indenture covenants (not cured within applicable grace periods) and 3) bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners (by aggregate amount of the bond obligations or of a credit provider), declaring the principal and the interest accrued thereon, to be due and payable immediately. As of June 30, 2023, and 2022, there were no such events describe herein.

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Wastewater Long-Term Liability activities for the years ended June 30, 2023 and 2022 are as follows:

	Interest rate	Maturity (Calendar Year)	Restated 2022*	Additions	Reductions	2023	Due within one year
Revenue bonds:							
2010 Series B (Build America)	4.65 – 5.82 %	2040	\$ 192,515	—	(7,280)	185,235	7,505
2013 Series A	1.00 – 5.00	2025	15,535	—	(14,960)	575	575
2013 Series B	4.00 – 5.00	2042	331,585	—	(238,490)	93,095	—
2016 Series A	4.00 – 5.00	2046	240,580	—	—	240,580	5,475
2016 Series B	4.00 – 5.00	2046	67,820	—	—	67,820	1,545
2018 Series A	4.00 – 5.00	2043	229,050	—	(7,715)	221,335	7,160
2018 Series B	5.00	2043	185,950	—	(6,260)	179,690	5,810
2018 Series C	2.13	2048	179,145	—	(179,145)	—	—
2021 Series A	4.00 – 5.00	2051	260,835	—	—	260,835	—
2021 Series B	5.00	2051	37,045	—	—	37,045	—
2022 Series B	5.00	2034	—	137,080	—	137,080	—
2023 Series A	5.00 – 5.25	2042	—	530,565	—	530,565	—
2023 Series B	4.00 – 5.00	2042	—	278,155	—	278,155	—
2023 Series C	4.00	2048	—	165,660	—	165,660	—
For issuance premiums			191,193	178,474	(30,427)	339,240	—
Revenue Notes:							
2021 Series A - Biosolids	1.00	2025	218,355	—	—	218,355	—
2021 Series B - SEP Headworks	1.00	2026	129,110	—	—	129,110	—
For issuance premiums			2,891	—	(800)	2,091	—
Total revenue bonds and notes payable			2,281,609	1,289,934	(485,077)	3,086,466	28,070
2009 Series C Certificates of Participation (COPs)	2.00 – 5.00	2022	826	—	(826)	—	—
2009 Series C COPs issuance premiums			4	—	(4)	—	—
2009 Series D COPs (Build America)	6.36 – 6.49	2041	24,458	—	—	24,458	864
State Revolving Fund Loans (CWSRF)	0.80 – 1.80	2056	302,659	18,511	(2,481)	318,689	2,526
Water Infrastructure Finance and Innovation Act Loans (WIFIA)	1.45	2059	—	122,357	—	122,357	—
Arbitrage rebate payable			—	188	—	188	—
Other post-employment benefits obligations			49,123	—	(88)	49,035	—
Net pension liability			—	49,549	—	49,549	—
Accrued vacation and sick leave			10,901	4,729	(3,968)	11,662	6,040
Accrued workers' compensation			7,546	2,976	(2,524)	7,998	1,509
Due to Other City departments			629	2,102	(111)	2,620	2,215
Lease liability			3,638	—	(2,341)	1,297	1,297
Subscription liability			944	—	(515)	429	243
Damage claims liability			12,045	2,716	(10,411)	4,350	1,650
Pollution remediation obligations			8,060	—	(260)	7,800	—
Total			\$ 2,702,442	1,493,062	(508,606)	3,686,898	44,414

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

	Interest rate	Maturity (Calendar Year)	2021	Additions	Reductions	Restated 2022*	Due within one year
Revenue bonds:							
2010 Series A	4.00 – 5.00 %	2021	\$ 8,820	—	(8,820)	—	—
2010 Series B (Build America)	4.65 – 5.82	2040	192,515	—	—	192,515	7,280
2013 Series A	1.00 – 5.00	2025	29,595	—	(14,060)	15,535	13,090
2013 Series B	4.00 – 5.00	2042	331,585	—	—	331,585	—
2016 Series A	4.00 – 5.00	2046	240,580	—	—	240,580	—
2016 Series B	4.00 – 5.00	2046	67,820	—	—	67,820	—
2018 Series A	4.00 – 5.00	2043	229,050	—	—	229,050	7,715
2018 Series B	5.00	2043	185,950	—	—	185,950	6,260
2018 Series C	2.13	2048	179,145	—	—	179,145	—
2021 Series A	4.00 – 5.00	2051	—	260,835	—	260,835	—
2021 Series B	5.00	2051	—	37,045	—	37,045	—
For issuance premiums			124,862	75,820	(9,489)	191,193	—
Revenue Notes:							
2021 Series A - Biosolids	1.00	2025	—	218,355	—	218,355	—
2021 Series B - SEP Headworks	1.00	2026	—	129,110	—	129,110	—
For issuance premiums			—	3,358	(467)	2,891	—
Total revenue bonds and notes payable			1,589,922	724,523	(32,836)	2,281,609	34,345
2009 Series C Certificates of Participation (COPs)	2.00 – 5.00	2022	1,611	—	(785)	826	826
2009 Series C COPs issuance premiums			18	—	(14)	4	4
2009 Series D COPs (Build America)	6.36 – 6.49	2041	24,458	—	—	24,458	—
State Revolving Fund Loans (CWSRF Loans)	0.80 – 1.80	2056	108,559	196,583	(2,483)	302,659	2,481
Other post-employment benefits obligations			50,711	5,466	(7,054)	49,123	—
Net pension liability			103,746	—	(103,746)	—	—
Accrued vacation and sick leave			11,658	2,895	(3,652)	10,901	5,479
Accrued workers' compensation			6,582	3,207	(2,243)	7,546	1,393
Due to Other City departments			739	—	(110)	629	111
Lease liability			5,952	27	(2,341)	3,638	2,341
Subscription liability			—	1,422	(478)	944	515
Damage claims liability			16,713	8,812	(13,480)	12,045	9,323
Pollution remediation obligations			7,800	260	—	8,060	—
Total			\$ 1,928,469	943,195	(169,222)	2,702,442	56,818

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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The payments of principal and interest amounts on various bonds are secured by net revenues of the Wastewater Enterprise.

a) **Wastewater Revenue Bonds 2010 Series A**

During fiscal year 2010, the Wastewater Enterprise issued revenue bonds 2010 Series A in the amount of \$47,050 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used to redeem \$50,000 in outstanding commercial paper notes, fund a cash debt service reserve fund, and pay the costs of issuing the bonds. The bonds were rated "Aa3" and "AA-" by Moody's and S&P, respectively at the time of issuance. Bonds mature through October 1, 2021. The true interest cost is 2.9%. As of June 30, 2023 and 2022, the 2010 Series A bonds' principal amount outstanding was \$0.

b) **Wastewater Revenue Bonds 2010 Series B**

During fiscal year 2010, the Wastewater Enterprise issued revenue bonds 2010 Series B (Federally Taxable – Build America Bonds – Direct Payment) in the amount of \$192,515 with interest rates ranging from 4.7% to 5.8%. Proceeds from the bonds were used to redeem \$53,500 in outstanding commercial paper notes, provide funding for capital projects in the amount of \$112,429, fund a cash debt service reserve fund, and pay financing costs for the bonds. The bonds were rated "Aa3" and "AA-" by Moody's and S&P, respectively at the time of issuance. Bonds mature through October 1, 2040. The true interest cost is 3.7%. As of June 30, 2023 and 2022, the 2010 Series B bonds' principal amount outstanding was \$185,235 and \$192,515, respectively.

c) **Wastewater Revenue Bonds 2013 Series A**

In January 2013, the Wastewater Enterprise issued tax-exempt revenue bonds 2013 Series A in the amount of \$193,400 for the purpose of refunding the remaining portion of the outstanding 2003 Series A bonds maturing on and after October 1, 2013. The bonds carried "Aa3" and "AA-" ratings from Moody's and S&P, respectively at the time of issuance. The 2013 Series A refunding bonds include serial bonds with interest rates varying from 1.0% to 5.0% and have a final maturity in October 2025. The Series A bonds have a true interest cost of 1.2%. The 2013 Series A bonds also refunded the remaining portion of the outstanding state revolving fund loans. The refunding resulted in the recognition of a deferred accounting loss of \$2,986, gross debt service savings of \$35,107 over the next 13 years, and an economic gain of \$32,783 or 15.4% of the refunded principal.

A portion of the proceeds of the 2022 Series B refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, dated July 1, 2022 to refund and legally defease a portion of the outstanding 2013 Series A bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2013 Series A bonds starting on October 1, 2024 and thereafter. As of June 30, 2023 and 2022, the principal amount outstanding of the 2013 Series A bonds was \$575 and \$15,535, respectively.

d) **Wastewater Revenue Bonds 2013 Series B**

In February 2013, the Wastewater Enterprise issued revenue bonds 2013 Series B in the amount of \$331,585 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, pay off all outstanding Wastewater commercial paper notes, and pay the costs of issuing the bonds. The bonds were rated "Aa3" and "AA-" by Moody's and S&P, respectively at the time of issuance. Bonds mature through October 1, 2042. The true interest cost is 3.6%.

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A portion of the proceeds of the 2022 Series B and 2023 Series B refunding bonds was deposited with the trustee, acting as escrow agent under the irrevocable Escrow Agreements, date July 1, 2022 and April 1, 2023, respectively to refund and legally defease a portion of the outstanding 2013 Series B bonds. This deposit, together with certain other available monies was held by the escrow agent under the Escrow Agreement and invested in non-callable Federal Securities. The principal and interest on monies held by the escrow agent will be sufficient to redeem the maturities of the 2013 Series A bonds starting on October 1, 2024 through October 1, 2039. The remaining bonds mature through October 1, 2042. As of June 30, 2023 and 2022, the principal amount outstanding of the 2013 Series B bonds was \$93,095 and \$331,585, respectively.

e) Wastewater Revenue Bonds 2016 Series A

In May 2016, the Wastewater Enterprise issued tax-exempt revenue bonds 2016 Series A (Green Bonds) in the amount of \$240,580 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, to pay off \$53,439 of outstanding commercial paper notes, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2046. The bonds have a true interest cost of 3.2%. As of June 30, 2023 and 2022, the principal amount outstanding of the 2016 Series A bonds was \$240,580.

f) Wastewater Revenue Bonds 2016 Series B

In May 2016, the Wastewater Enterprise issued tax-exempt revenue bonds 2016 Series B in the amount of \$67,820 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects, to pay off \$20,560 of outstanding commercial paper notes, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2046. The bonds have a true interest cost of 3.2%. As of June 30, 2023 and 2022, the principal amount outstanding of the 2016 Series B bonds was \$67,820.

g) Wastewater Revenue Bonds 2018 Series A

In August 2018, the Wastewater Enterprise issued tax-exempt revenue bonds 2018 Series A (SSIP) (Green Bonds) in the amount of \$229,050 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used for Wastewater capital projects in furtherance of the SFPUC's Sewer System Improvement Program (SSIP), to pay off \$25,000 of outstanding commercial paper notes, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2043. The bonds have a true interest cost of 3.4%. As of June 30, 2023 and 2022, the principal amount outstanding of the 2018 Series A bonds was \$221,335 and \$229,050, respectively.

h) Wastewater Revenue Bonds 2018 Series B

In August 2018, the Wastewater Enterprise issued tax-exempt revenue bonds 2018 Series B (Non-SSIP) in the amount of \$185,950 with 5.0% interest rate. Proceeds from the bonds were used for Wastewater capital projects, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of "AA" and "Aa3" from S&P and Moody's, respectively at the time of issuance. Bonds mature through October 1, 2043. The bonds have a true interest cost of 3.5%. As of June 30, 2023 and 2022, the principal amount outstanding of the 2018 Series B bonds was \$179,690 and \$185,950, respectively.

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i) Wastewater Revenue Bonds 2018 Series C

In August 2018, the Wastewater Enterprise issued tax-exempt revenue bonds 2018 Series C (SSIP) (Green Bonds) in the amount of \$179,145 with 2.1% interest rate. Proceeds from the bonds were used for Wastewater capital projects, to fund capitalized interest, and pay the costs of issuing the bonds. The bonds carried ratings of “AA” and “Aa3” from S&P and Moody’s, respectively at the time of issuance. The 2018 Series C bonds was fully refunded by the 2023 Series C bonds. The Initial Mandatory Tender date of the 2018 Series C bonds is October 1, 2023. The bonds have a true interest cost of 3.5%. As of June 30, 2023 and 2022, the principal amount outstanding of the 2018 Series C bonds was \$0 and \$179,145, respectively.

j) Wastewater Revenue Bonds 2021 Series AB

In November 2021, the Wastewater Enterprise issued tax-exempt revenue bonds, 2021 Series AB in the aggregate amount of \$297,880. The purpose of the 2021 Series AB Bonds was to refund approximately \$340,000 aggregate principal amount of commercial paper notes which funded various capital projects of the Wastewater Enterprise. The bonds carried “Aa2” and “AA” ratings from Moody’s and S&P, respectively.

The \$260,835 2021 Series A Bonds were issued as tax-exempt Green Bonds to refund approximately \$296,000 of commercial paper notes for SSIP capital projects. The Series A bonds were issued as serial bonds with coupons of 4.0% and 5.0% and a final maturity of 2051. The 2021 Series A bonds have a true interest cost of 3.0%. As of June 30, 2023 and 2022, the principal amount of the 2021 Series A bonds outstanding was \$260,835.

The \$37,045 2021 Series B bonds were issued as tax-exempt bonds to refund approximately \$44,000 of commercial paper notes for Wastewater capital projects. The Series B bonds were issued as serial bonds with coupons of 5.0% and have a final maturity of 2051. The Series B bonds have a true interest cost of 3.2%. As of June 30, 2023 and 2022, the principal amount of the 2021 Series B bonds outstanding was \$37,045.

k) Wastewater Revenue Notes 2021 Series AB

In November 2021, the Wastewater Enterprise issued tax-exempt revenue (Green) notes, 2021 Sub- Series A and Sub-Series B together with an aggregate principal of \$347,465 to finance a portion of the design, acquisition and construction of the Biosolids Digester Facility Project and Southeast Water Pollution Control Plant improvements. The SFPUC intends to pay principal of the 2021A Notes and 2021B Notes from the proceeds of one or more draws under WIFIA Loan Agreements for the Biosolids Digester Facility Project and Southeast Treatment Plant Improvements, respectively, or from the proceeds of future obligations.

The \$218,355 2021 Series A Notes were issued as tax-exempt Green Notes to fund a portion of the Biosolids Digester Facilities Project. The Series A Notes were issued with 1.0% coupons and a final maturity of 2025. The 2021 Series A Notes have a true interest cost of 0.75%. As of June 30, 2023 and 2022, the principal amount of 2021 Series A Notes outstanding was \$218,355.

The \$129,110 2021 Series B Notes were issued as tax-exempt Green Notes to fund a portion of Southeast Water Pollution Control Plant improvements. The Series B Notes were issued with 1.0% coupons and a final maturity of 2026. The 2021 Series B Notes have a true interest cost of 0.81%. As of June 30, 2023 and 2022, the principal amount of 2021 Series B Notes outstanding was \$129,110.

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l) Wastewater Revenue Refunding Bonds 2022 Series B

In July 2022, the Wastewater Enterprise issued tax-exempt revenue bonds, 2022 Series B in the aggregate principal amount of \$137,080 on a forward delivery basis. The 2022 Series B bonds were issued for the purpose of refunding a portion of the outstanding 2013 Series A bonds maturing on October 1, 2024 and October 1, 2025 and a portion of the outstanding 2013 Series B bonds maturing on October 1, 2024 through October 1, 2034. The bonds carried "Aa2" and "AA" ratings from Moody's and S&P, respectively.

The 2022 Series B bonds include serial bonds, each with an interest rate of 5% and have a final maturity in 2034. The Series B bonds have a true interest cost of 3.2%. The refunding resulted in the recognition of a deferred accounting gain of \$6,868, gross debt service savings of \$12,446, and an economic gain of \$12,012 or 8.0% of refunded bonds. As of June 30, 2023, the principal amount of the 2022 Series B bonds outstanding was \$137,080.

m) Wastewater Revenue Refunding Bonds 2023 Series ABC

In April 2023, the Wastewater Enterprise issued tax-exempt revenue bonds, 2023 Series ABC in the aggregate principal amount of \$974,380. The purpose of the 2023 Series ABC bonds was to refund approximately \$557,845 aggregate principal amount of commercial paper notes, finance various capital projects of the Wastewater Enterprise, and refund certain outstanding revenue bonds. The bonds carried "Aa2" and "AA" ratings from Moody's and S&P, respectively.

The \$530,565 2023 Series A bonds were issued as tax-exempt Green Bonds to refund approximately \$400,900 of commercial paper notes for SSIP capital projects and finance certain capital projects benefitting the Wastewater Enterprise. The Series A bonds were issued as serial bonds with coupons of 5.0% and 5.3% and a final maturity of 2042. The 2023 Series A bonds have a true interest cost of 2.9%. As of June 30, 2023, the principal amount of the 2023 Series A bonds outstanding was \$530,565.

The \$278,155 2023 Series B bonds were issued as tax-exempt bonds to refund a portion of the outstanding 2013 Series B bonds maturing on October 1, 2035 through October 1, 2039, refund approximately \$156,900 of commercial paper notes for certain capital projects benefitting the Enterprise and finance certain capital projects benefitting the Wastewater Enterprise. The Series B bonds were issued as serial bonds with coupons of 4.0% and 5.0% and a final maturity of 2042. The Series B bonds have a true interest cost of 3.0%. The refunding resulted in the recognition of a deferred accounting gain of \$5,316 and gross debt service savings of \$10,626. As of June 30, 2023, the principal amount of the 2023 Series B bonds outstanding was \$278,155.

The \$165,660 2023 Series C bonds were issued as tax-exempt Green Bonds to refund all of the outstanding 2018 Series C bonds. The Series C bonds were issued as serial bonds with a coupon of 4.0% and a final maturity of 2048. The 2023 Series C bonds have a true interest cost of 3.5%. The refunding resulted in the recognition of a deferred accounting gain of \$963, gross debt service savings of \$24,606, and an economic gain of \$15,785 or 8.8% of refunded bonds. As of June 30, 2023, the principal amount of the 2023 Series C bonds outstanding was \$165,660.

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n) Future Annual Debt Service of Revenue and Refunding Bonds

The following table presents the future annual debt service relating to the revenue and refunding bonds outstanding as of June 30, 2023. The interest before subsidy amounts include the interest for 2010 Series B, 2013 Series A and B, 2016 Series A and B, and 2018 Series A, B, and C, 2021 Series A and B bonds, 2021 Series A and B notes, 2022 Series B and 2023 Series A, B, and C bonds. The federal interest subsidy amounts represent 35% of the interest, excluding sequestration, for the 2010 Series B revenue bonds.

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2024	\$ 28,070	114,379	(3,356)	111,023
2025	35,370	115,140	(3,235)	111,905
2026	256,815	112,242	(3,105)	109,137
2027	199,405	107,815	(2,968)	104,847
2028	77,225	103,460	(2,822)	100,638
2029-2033	540,075	438,987	(11,623)	427,364
2034-2038	520,935	303,416	(6,675)	296,741
2039-2043	526,905	179,593	(1,173)	178,420
2044-2048	378,985	77,465	—	77,465
2049-2052	181,350	13,138	—	13,138
Total	<u>2,745,135</u>	<u>1,565,635</u>	<u>(34,957)</u>	<u>1,530,678</u>
Less: Current portion	(28,070)			
Add: Unamortized bond premiums	341,331			
Long-term portion as of June 30, 2023	<u>\$ 3,058,396</u>			

*The SFPUC received an IRS notice, dated May 25 2023, that the federal interest subsidy on the 2010 Series B bonds is reduced by 5.7% through fiscal year 2030, or a total reduction of \$2,113, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

As defined in the Indenture, the principal and interest of the Wastewater Enterprise's refunding bonds are payable from its corresponding revenue as well as monies deposited in certain funds and accounts pledged thereto (see Note 5).

o) Lake Merced Green Infrastructure Project - CWSRF Loan

In January 2016, then amended in May 2016, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a Clean Water State Revolving Fund ("CWSRF") Loan to fund the Lake Merced Green Infrastructure Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$7,435. The loan bears an interest rate of 1.6% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; completion was in October 2020. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received loan disbursements to date totaling \$6,116 and a construction period interest of \$166 transferred to principal. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$5,945 and \$6,112, respectively.

p) Southeast Plant (SEP) 521/522 and Disinfection Upgrade Project - CWSRF Loan

In September 2017, then amended in December 2017 and May 2018, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP 521/522 and Disinfection Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$40,007. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of

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each project's construction; substantial completion occurred in July 2019. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$39,741. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$36,409 and \$37,450, respectively.

q) North Point Facility Outfall Rehabilitation Project - CWSRF Loan

In September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the North Point Facility Outfall Rehabilitation Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$20,199. The loan bears an interest rate of 1.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in February 2018. The CWSRF loans is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$17,706. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$15,231 and \$15,710, respectively.

r) Southeast Plant (SEP) Primary/Secondary Clarifier Upgrade Project - CWSRF Loan

In September 2017, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP Primary/Secondary Clarifier Upgrade Project of the Sewer System Improvement Program. The aggregate amount of the CWSRF loans is \$34,446. The loan bears an interest rate of 0.8% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction; substantial completion occurred in June 2018. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$29,197. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$25,254 and \$26,048, respectively.

s) Oceanside Plant (OSP) Digester Gas Utilization Upgrade Project - CWSRF Loan

In May 2020, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the OSP Digester Gas Utilization Upgrade Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of \$54,388, which includes \$4,000 of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California's most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project's construction. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise's outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$33,230, which included a loan forgiveness grant of \$4,000. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$29,230 and \$24,661, respectively.

t) Southeast Plant (SEP) Biosolids Digester Facilities Project - CWSRF Loan and Grant

In May 2020, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP Biosolids Digester Facilities Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of \$132,000,

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which includes \$4,000 of principal forgiveness, or a grant. The loan bears an interest rate of 1.4% which was equal to one-half of the State of California’s most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project’s construction; substantial completion is expected in May 2026. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise’s outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$132,000, which includes a \$4,000 loan forgiveness grant. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$128,000.

u) Southeast Plant (SEP) New Headworks (Grit) Replacement Project - CWSRF Loan

In May 2021, the SFPUC entered into an Installment Sale Agreement with the State Water Resources Control Board for a CWSRF Loan to fund the SEP New Headworks (Grit) Replacement Project of the Sewer System Improvement Program. The CWSRF loan is in the amount of \$112,036. The loan bears an interest rate of 1.1% which was equal to one-half of the State of California’s most recent 30-year General Obligation Bond true interest cost at the time the agreement was executed. The CWSRF loan will have a 30-year term, with loan repayment beginning one year after substantial completion of each project’s construction; substantial completion is expected in March 2024. The CWSRF loan is secured on a parity lien basis with the Wastewater Enterprise’s outstanding revenue bonds. The SFPUC has received proceeds from loan disbursements to date totaling \$64,678 and a receivable for reimbursement of \$13,942. As of June 30, 2023 and 2022, the principal amount outstanding of the loan was \$78,620 and \$64,678, respectively.

v) Future Annual Debt Services of State Revolving Fund Loans (CWSRF Loans)

The future annual debt services relating to the SRF Loan to fund the Lake Merced Green Infrastructure Project, the North Point Facility Outfall Rehabilitation Project, the SEP Primary/Secondary Clarifier Upgrade Project, the SEP 521/522 and Disinfection Upgrade Project, the OSP Digester Gas Utilization Upgrade Project, the SEP Biosolids Digester Facilities Project, and the SEP New Headworks (Grit) Replacement Project outstanding as of June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest and Fees*</u>	<u>Total</u>
Fiscal years ending June 30:			
2024	\$ 2,526	1,479	4,005
2025	5,588	2,708	8,296
2026	5,669	2,627	8,296
2027	9,215	4,336	13,551
2028	9,347	4,204	13,551
2029-2033	48,792	18,960	67,752
2034-2038	52,411	15,341	67,752
2039-2043	56,308	11,444	67,752
2044-2048	60,505	7,247	67,752
2049-2053	48,755	3,197	51,952
2054-2056	19,573	481	20,054
Total	<u>318,689</u>	<u>72,024</u>	<u>390,713</u>
Less: Current portion	<u>(2,526)</u>		
Long-term portion as of June 30, 2023	\$ <u>316,163</u>		

*Interest and Fees included debt admin fees for the North Point Facility and SEP Clarifier Upgrade SRF loans.

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w) **Biosolids Digester Facility Project Water Infrastructure Finance Innovation Act Loan Agreement (WIFIA)**

In July 2018, the SFPUC entered into a “Water Infrastructure Finance and Innovation Act (WIFIA)” Loan Agreement (“WIFIA Loan”) with the United States Environmental Protection Agency in the amount of \$699,242. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise’s Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise’s net revenues and is on a parity lien basis with the SFPUC’s outstanding Wastewater Revenue Bonds and Clean Water State Revolving Fund (“SRF”) Loans entered into with the California State Water Resources Control Board.

The original 2018 loan bore a fixed interest rate of 3.09% for a 35-year term, with loan repayment expected to begin in fiscal year 2026, after substantial completion of project construction. In June 2020 the SFPUC re-executed the WIFIA Loan Agreement to have a fixed interest rate of 1.45% for a 35-year term. All other terms of WIFIA Loan Agreement are unchanged.

In March of 2023, the SFPUC received disbursement of \$122,283 in respect to eligible project costs and a capitalized interest of \$74 added to principal. As of June 30, 2023, the principal amount of the loan outstanding was \$122,357

x) **Southeast Treatment Plant Improvements Project - WIFIA Loan**

In June 2020, the San Francisco Public Utilities Commission (“SFPUC”) entered into a “Water Infrastructure Finance and Innovation Act (WIFIA)” Loan Agreement (“WIFIA Loan”) with the United States Environmental Protection Agency in the amount of \$513,862. The WIFIA Loan was entered into pursuant to the WIFIA statute authorized by Congress in 2014. The WIFIA Loan will fund 49% of the costs of the Wastewater Enterprise’s SEP New Headworks Replacement Project and additional costs of the revised Biosolids Digester Facility Project plus certain eligible expenses. Payment of the WIFIA Loan will be secured by a senior lien pledge of the Wastewater Enterprise’s net revenues and is on a parity lien basis with the SFPUC’s outstanding Wastewater Revenue Bonds and Clean Water State Revolving Fund (“SRF”) Loans entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 1.45% for a 35-year term, with loan repayment expected to begin in fiscal year 2025, after substantial completion of project construction. The SFPUC has not submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2023.

y) **Master Loan Agreement and Project 1 Loan Agreement - WIFIA Loan**

In April 2023, the SFPUC entered into a “Water Infrastructure Finance and Innovation Act (WIFIA)” Master Agreement and Project 1 Loan Agreement with the United States Environmental Protection Agency. The WIFIA Master Agreement and Project 1 Loan was entered into pursuant to the “Water Infrastructure Finance and Innovation Act (WIFIA)” authorized by Congress in 2014. The SFPUC entered the WIFIA Master Loan Agreement with the EPA in an amount not to exceed \$791,337 to provide partial funding for projects in the Wastewater Enterprise Capital Plan. The Master Agreement defines the general terms for funding a series of WIFIA loans, the first of which is the “Project 1 Loan Agreement”. The incurrence of the Project 1 Loan Agreement, in an aggregate initial principal amount not to exceed \$369,335, will provide partial funding for six Wastewater Enterprise capital improvement projects. Those projects are Westside Pump Station Reliability Improvements, North Shore Pump Station Wet Weather Improvements, Wawona Area Stormwater Improvement, New Treasure Island Wastewater Treatment Plant, Folsom Area Stormwater Improvement, and Yosemite Creek Daylighting. Proceeds of the loan will fund 49% of project costs plus eligible expenses. The Project 1 Loan is on a parity lien basis with the SFPUC’s outstanding Wastewater Revenue Bonds and Clean Water State Revolving Fund (“SRF”) Loans

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entered into with the California State Water Resources Control Board. The loan will bear a fixed interest rate of 3.65% for a 32-year term, with loan repayment expected to begin in fiscal year 2033. The SFPUC has not yet submitted any requests for loan disbursements to date and there is no outstanding loan principal as of June 30, 2023.

z) Future Annual Debt Services of WIFIA Loans

The future annual debt services relating to the WIFIA Loan to fund the Biosolids Digester Facility Project outstanding as of June 30, 2023 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal years ending June 30:			
2024	\$ —	—	—
2025	—	—	—
2026	—	886	886
2027	—	1,773	1,773
2028	—	1,773	1,773
2029-2033	—	8,866	8,866
2034-2038	—	8,866	8,866
2039-2043	—	8,866	8,866
2044-2048	20,166	8,328	28,494
2049-2053	41,698	6,108	47,806
2054-2058	49,610	2,813	52,423
2059	10,883	119	11,002
Total	<u>122,357</u>	<u>48,398</u>	<u>170,755</u>
Less: Current portion	—		
Long-term portion as of June 30, 2023	\$ <u>122,357</u>		

aa) Events of Default and Remedies

In accordance with GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements, significant events of default as specified in the Wastewater Enterprise Indenture (applicable to Wastewater Revenue Bonds, SRF Loans, and WIFIA Loan include 1) Non-payment 2) material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods), and 3) bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners (by aggregate amount of the bond obligations or of a credit provider), declaring the principal and the interest accrued thereon, to be due and payable immediately. As of June 30, 2023 and 2022, there were no such events described herein.

Hetchy Water Long-Term Liability activities for the years ended June 30, 2023 and 2022 are as follows:

	<u>Restated 2022[#]</u>	<u>Additions</u>	<u>Reductions</u>	<u>2023</u>	<u>Due within one year</u>
Other post-employment benefits obligations	\$ 14,240	667	—	14,907	—
Net pension liability	—	14,105	—	14,105	—
Accrued vacation and sick leave	2,169	700	(603)	2,266	1,132
Accrued workers' compensation	1,228	76	(85)	1,219	216
Lease liability	62	105	(29)	138	16
Subscription liability	309	—	(170)	139	80
Damage claims liability	627	320	(247)	700	300
Unearned revenues, refunds, and other	134	15	(39)	110	110
Total	\$ <u>18,769</u>	<u>15,988</u>	<u>(1,173)</u>	<u>33,584</u>	<u>1,854</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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	2021	Additions	Reductions	Restated 2022 [#]	Due within one year
Other post-employment benefits obligations	\$ 14,444	1,921	(2,125)	14,240	—
Net pension liability	26,645	—	(26,645)	—	—
Accrued vacation and sick leave	2,185	749	(765)	2,169	1,034
Accrued workers' compensation	1,120	233	(125)	1,228	215
Due to Other City departments	—	—	—	—	—
Lease liability	78	—	(16)	62	3
Subscription liability	—	468	(159)	309	170
Damage claims liability	525	253	(151)	627	228
Unearned revenues, refunds, and other	138	14	(18)	134	24
Total	\$ 45,135	3,638	(30,004)	18,769	1,674

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Hetchy Power Long-Term Liability activities for the years ended June 30, 2023 and 2022 are as follows:

	Interest Rate	Maturity (Calendar Year)	Restated 2022 [#]	Additions	Reductions	2023	Due within one year
Bonds:							
Clean Renewable Energy Bonds	0.00 %	2022	\$ 421	—	(421)	—	—
Qualified Energy Conservation Bonds	4.74	2027	3,138	—	(555)	2,583	562
New Clean Renewable Energy Bonds 2015	4.62	2032	1,637	—	(146)	1,491	148
2015 Series A Revenue Bonds	4.00 - 5.00	2045	32,025	—	—	32,025	—
2015 Series B Revenue Bonds	3.00 - 4.00	2026	3,735	—	(850)	2,885	880
2021 Series A Revenue Bonds	4.00 - 5.00	2052	74,280	—	—	74,280	—
2021 Series B Revenue Bonds	4.00 - 5.00	2052	49,720	—	—	49,720	—
Less issuance discount			(6)	—	6	—	—
Add issuance premiums			29,536	—	(1,588)	27,948	—
Total bonds payable			194,486	—	(3,554)	190,932	1,590
2009 Series C Certificates of Participation (COPs)	2.00 - 5.00	2022	425	—	(425)	—	—
2009 Series C COPs issuance premiums			2	—	(2)	—	—
2009 Series D COPs (Build America)	6.36 - 6.49	2041	12,593	—	—	12,593	445
Commercial Papers	1.05 - 3.15	2023	—	116,352	—	116,352	—
Other post-employment benefits obligations			17,405	815	—	18,220	—
Net pension liability			—	17,239	—	17,239	—
Accrued vacation and sick leave			3,597	1,838	(1,719)	3,716	1,867
Accrued workers' compensation			2,250	224	(236)	2,238	401
Due to Other City departments			380	1,946	(380)	1,946	1,946
Lease liability			75	131	(37)	169	19
Subscription liability			253	—	(137)	116	65
Damage claims liability			1,023	10,439	(5,312)	6,150	450
Unearned revenues, refunds, and other			6,727	10,385	(10,652)	6,460	5,880
Total			\$ 239,216	159,369	(22,454)	376,131	12,663

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

	Interest Rate	Maturity (Calendar Year)	2021	Additions	Reductions	Restated 2022 [#]	Due within one year
Bonds:							
Clean Renewable Energy Bonds	0.00 %	2022	\$ 843	—	(422)	421	421
Qualified Energy Conservation Bonds	4.74	2027	3,687	—	(549)	3,138	555
New Clean Renewable Energy Bonds 2015	4.62	2032	1,779	—	(142)	1,637	146
2015 Series A Revenue Bonds	4.00 - 5.00	2045	32,025	—	—	32,025	—
2015 Series B Revenue Bonds	3.00 - 4.00	2026	4,550	—	(815)	3,735	850
2021 Series A Revenue Bonds	4.00 - 5.00	2052	—	74,280	—	74,280	—
2021 Series B Revenue Bonds	4.00 - 5.00	2052	—	49,720	—	49,720	—
Less issuance discount			(20)	—	14	(6)	(6)
Add issuance premiums			3,448	27,022	(934)	29,536	—
Total bonds payable			46,312	151,022	(2,848)	194,486	1,966
2009 Series C Certificates of Participation (COPs)	2.00 - 5.00	2022	830	—	(405)	425	425
2009 Series C COPs issuance premiums			8	—	(6)	2	2
2009 Series D COPs (Build America)	6.36 - 6.49	2041	12,593	—	—	12,593	—
Other post-employment benefits obligations			17,653	2,347	(2,595)	17,405	—
Net pension liability			32,566	—	(32,566)	—	—
Accrued vacation and sick leave			3,617	1,856	(1,876)	3,597	1,747
Accrued workers' compensation			2,118	322	(190)	2,250	400
Due to Other City departments			369	11	—	380	380
Lease liability			94	—	(19)	75	3
Subscription liability			—	380	(127)	253	137
Damage claims liability			1,108	2,005	(2,090)	1,023	358
Unearned revenues, refunds, and other			5,993	8,410	(7,676)	6,727	5,923
Total			\$ 123,261	166,353	(50,398)	239,216	11,341

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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CleanPowerSF Long-Term Liability activities for the years ended June 30, 2023 and 2022 are as follows:

	Restated 2022[#]	Additions	Reductions	2023	Due within one year
Other post-employment benefits obligations	\$ 2,264	1,789	—	4,053	—
Net pension liability	—	2,124	—	2,124	—
Accrued vacation and sick leave	546	451	(254)	743	394
Lease liability	232	—	(232)	—	—
Subscription liability	70	—	(39)	31	18
Damage claims liability	32	1,738	(1,736)	34	16
Unearned revenues, refunds, and other	13,196	23,034	(30,084)	6,146	6,146
Total	<u>\$ 16,340</u>	<u>29,136</u>	<u>(32,345)</u>	<u>13,131</u>	<u>6,574</u>

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

	2021	Additions	Reductions	Restated 2022[#]	Due within one year
Other post-employment benefits obligations	\$ 2,909	867	(1,512)	2,264	—
Net pension liability	3,008	—	(3,008)	—	—
Accrued vacation and sick leave	400	264	(118)	546	279
Lease liability	577	—	(345)	232	232
Subscription liability	—	106	(36)	70	39
Damage claims liability	6	1,582	(1,556)	32	15
Unearned revenues, refunds, and other	10,028	14,689	(11,521)	13,196	4,196
Total	<u>\$ 16,928</u>	<u>17,508</u>	<u>(18,096)</u>	<u>16,340</u>	<u>4,761</u>

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

a) **Clean Renewable Energy Bonds**

In November 2008, Hetchy Power issued \$6,325 of taxable CREBs to finance the installation of solar energy equipment on City-owned facilities, including Chinatown Branch Library, Maxine Hall Medical Center, City Distribution Division Warehouse, North Point Wastewater Plant, Chinatown Public Health Center, Municipal Transportation Agency Woods, and Municipal Transportation Agency Ways and Structures. The CREBs were non-rated and privately-placed with Banc of America Leasing. The net effective interest rate on the CREBs, after the federal tax subsidy, is 0% through 2022. Hetchy Power began making principal payments in the amount of \$422 on December 15, 2008 and matured with the last principal payment made on December 15, 2022. Funding for these payments will be guaranteed by net power revenues. Interest payments are not required, since the effective equivalent of interest on the bonds is paid in the form of federal tax credits in lieu of interest paid by the issuer.

b) **Qualified Energy Conservation Bonds**

In December 2011, Hetchy Power issued \$8,291 of taxable QECBs. The QECBs were issued to fund certain qualified green components for the SFPUC's 525 Golden Gate Headquarters project. The QECBs were non-rated and privately placed with Banc of America Leasing. The net effective interest rate on the QECBs, after the federal tax subsidy, is 1.2% through 2028.

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The future annual debt service relating to the QECBs outstanding as of June 30, 2023 is as follows:

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
2024	\$ 562	116	(82)	34
2025	569	89	(63)	26
2026	576	62	(44)	18
2027	582	35	(24)	11
2028	294	7	(4)	3
Total	<u>2,583</u>	<u>309</u>	<u>(217)</u>	<u>92</u>
Less: Current portion	<u>(562)</u>			
Long-term portion as of June 30, 2023	<u>\$ 2,021</u>			

*The SFPUC received an IRS notice dated May 25, 2023 that the federal interest subsidy is reduced by 5.7% or a total reduction of \$13 due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

c) New Clean Renewable Energy Bonds 2015

In October 2015, Hetchy Power issued \$4,100 of taxable 2015 NCREBs. The 2015 NCREBs were issued to fund certain qualified clean, renewable energy solar generation facilities at the Marina Middle School and the San Francisco Police Academy. The 2015 NCREBs were non-rated and privately placed with Banc of America Leasing. The net effective interest rate on the 2015 NCREBs, after the federal tax subsidy, is 1.4% through 2033. \$1,272 of principal was prepaid in fiscal year 2021.

The future annual debt service relating to the 2015 NCREBs outstanding as of June 30, 2023 is as follows:

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
2024	\$ 148	67	(44)	23
2025	150	60	(40)	20
2026	152	53	(35)	18
2027	154	47	(31)	16
2028	156	39	(26)	13
2029-2033	731	85	(56)	29
Total	<u>1,491</u>	<u>351</u>	<u>(232)</u>	<u>119</u>
Less: Current portion	<u>(148)</u>			
Long-term portion as of June 30, 2023	<u>\$ 1,343</u>			

*The SFPUC received an IRS notice dated May 25, 2023 that the federal interest subsidy is reduced by 5.7% or a total reduction of \$14 due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

d) Power Revenue Bonds 2015 Series A (Green) and Series B

In May 2015, Hetchy Power issued tax-exempt revenue bonds, 2015 Series A (Green) in the amount of \$32,025 with interest rates ranging from 4.0% to 5.0% and 2015 Series B in the amount of \$7,530 with interest rates ranging from 3.0% to 4.0%. Proceeds from the bonds were used to finance reconstruction or replacement of existing facilities of the SFPUC's Hetch Hetchy project, to fund capitalized interest on the 2015 Series AB Bonds, to fund a debt service reserve account for the 2015 Series AB Bonds, and to pay costs of issuance of the 2015 Series AB bonds. The bonds were rated "A+" and "AA-" by S&P and Fitch, respectively. Final maturity for 2015 Series AB are November 1, 2045 and November 1, 2026, respectively. The true interest cost is 3.95%. As of June 30, 2023 and 2022, the outstanding principal amounts were \$34,910 and \$35,760, respectively.

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The future annual debt service relating to the 2015 Series AB Bonds outstanding as of June 30, 2023 are as follows:

Hetchy Power - Power Revenue Bonds 2015 Series A (Green)

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ —	1,593	1,593
2025	—	1,593	1,593
2026	—	1,593	1,593
2027	830	1,576	2,406
2028	1,020	1,534	2,554
2029-2033	5,930	6,831	12,761
2034-2038	7,565	5,153	12,718
2039-2043	9,650	3,011	12,661
2044-2046	7,030	539	7,569
Total	<u>32,025</u>	<u>23,423</u>	<u>55,448</u>
Add: Unamortized bond premium	<u>2,960</u>		
Long-term portion as of June 30, 2023	<u>\$ 34,985</u>		

Hetchy Power - Power Revenue Bonds 2015 Series B

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 880	93	973
2025	910	62	972
2026	945	25	970
2027	150	3	153
Total	<u>2,885</u>	<u>183</u>	<u>3,068</u>
Less: Current portion	(880)		
Add: Unamortized bond premium	<u>63</u>		
Long-term portion as of June 30, 2023	<u>\$ 2,068</u>		

e) **Power Revenue Bonds 2021 Series A (Green) and Series B**

In December 2021, Hetchy Power issued tax-exempt revenue bonds, 2021 Series A (Green) in the amount of \$74,280 with interest rates ranging from 4.0% to 5.0% and 2021 Series B in the amount of \$49,720 with interest rates ranging from 4.0% to 5.0%. Proceeds from the bonds were used to refinance a portion of the costs of various capital projects benefiting the Power Enterprise, to fund capitalized interest on the 2021 Series AB Bonds, and to pay costs of issuance. The bonds were rated “AA” and “AA-” by S&P and Fitch, respectively. Final maturity for 2021 Series AB are November 1, 2051. The true interest cost is 2.64%. As of June 30, 2023 and 2022, the outstanding principal amount was \$124,000.

The future annual debt service relating to the 2021 Series AB Bonds outstanding as of June 30, 2023 are as follows:

Hetchy Power - Power Revenue Bonds 2021 Series A (Green)

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ —	3,085	3,085
2025	1,385	3,050	4,435
2026	1,455	2,979	4,434
2027	1,530	2,905	4,435
2028	1,605	2,826	4,431
2029-2033	9,305	12,868	22,173
2034-2038	11,470	10,690	22,160
2039-2043	14,020	8,149	22,169
2044-2048	17,125	5,045	22,170
2049-2052	16,385	1,343	17,728
Total	<u>74,280</u>	<u>52,940</u>	<u>127,220</u>
Add: Unamortized bond premium	<u>15,023</u>		
Long-term portion as of June 30, 2023	<u>\$ 89,303</u>		

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Hetchy Power - Power Revenue Bonds 2021 Series B

Fiscal years ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ —	2,045	2,045
2025	585	2,030	2,615
2026	620	2,000	2,620
2027	650	1,969	2,619
2028	685	1,935	2,620
2029-2033	3,940	9,120	13,060
2034-2038	4,985	8,168	13,153
2039-2043	6,200	7,052	13,252
2044-2048	12,885	5,464	18,349
2049-2052	<u>19,170</u>	<u>1,573</u>	<u>20,743</u>
Total	49,720	<u>41,356</u>	<u>91,076</u>
Add: Unamortized bond premium		<u>9,902</u>	
Long-term portion as of June 30, 2023	\$ <u>59,622</u>		

f) Events of Default and Remedies

In accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, significant events of default as specified in the Power Enterprise Indenture (applicable to Power Revenue Bonds and energy bonds) and the Equipment Lease/Purchase Agreement include 1) non-payment, 2) material breach of warranty, representation, or indenture covenants (not cured within applicable grace periods) and 3) bankruptcy and insolvency events, which may result in the Trustee (upon written request by the majority of the owners (by aggregate amount of the bond obligations), declare the principal and the interest accrued thereon to be due and payable immediately. As of June 30, 2023 and 2022, there were no such events described herein.

(8) Certificates of Participation Issued for the 525 Golden Gate Avenue Headquarters Building

Department-wide Business Type Activities

In October 2009, the City issued \$167,670 in certificates of participation to fund the headquarters building of the SFPUC at 525 Golden Gate Avenue. The 2009 Series C were issued for \$38,120 and 2009 Series D for \$129,550 as “Build America Bonds” (BABs) on a taxable basis under the 2009 American Recovery and Reinvestment Act. The 2009 Series C certificates carry interest rates ranging from 2.0% to 5.0% and mature on November 1, 2022. The 2009 Series D certificates carry interest rates ranging from 6.4% to 6.5% and mature on November 1, 2041. After adjusting for the federal interest subsidy, the true interest cost averages 3.4% and 4.3% for Series C and Series D, respectively.

Under the terms of a memorandum of understanding (MOU) between the City and the SFPUC dated October 1, 2009, the City conveyed the real property to the Trustee, the Bank of New York Mellon Trust Company, N.A., which was replaced by U.S. Bank in March 2014 under a property lease in exchange for the proceeds of the sale of the certificates. The Trustee has leased the property back to the City for the City’s use under a project lease. The City is obligated under the project lease to pay base rental payments and other payments to the Trustee each year during the 32-year term of the project lease. The Commission makes annual base rental payments to the City for the building equal to annual debt service on the certificates. It is anticipated these lease costs will be offset with reductions in costs associated with current office rental expense. There are no events of default stated in the memorandum of understanding.

Each of the three enterprises has an ownership interest in the building equal to their projected usage of space as follows: Water (73%), Wastewater (15%), and Hetchy Power (12%). Similarly, each enterprise is responsible for a portion of the annual base rental payment based on their ownership percentages less contributed equity. The percentage share of Base Rental Payments

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for the enterprises is as follows: Water (71.4%), Wastewater (18.9%), and Hetchy Power (9.7%). Certificates of Participation 2009 Series C have been fully repaid as of June 30, 2023

The future annual debt services relating to the certificates of participation 2009 Series D outstanding as of June 30, 2023 are as follows:

Water Enterprise

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2024	\$ 3,267	5,864	(1,935)	3,929
2025	3,402	5,652	(1,865)	3,787
2026	3,545	5,431	(1,792)	3,639
2027	3,695	5,201	(1,716)	3,485
2028	3,852	4,961	(1,637)	3,324
2029-2033	21,834	20,808	(6,868)	13,940
2034-2038	26,918	12,940	(4,271)	8,669
2039-2042	25,986	3,460	(1,142)	2,318
Total	92,499	64,317	(21,226)	43,091
Less: Current portion	(3,267)			
Long-term portion as of June 30, 2023	\$ 89,232			

*The SFPUC received an IRS notice dated May 25, 2023 that the federal interest subsidy on the 2009 Series D bonds is reduced by 5.7%, or a total reduction of \$1,283, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

Wastewater Enterprise

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2024	\$ 864	1,551	(512)	1,039
2025	900	1,494	(493)	1,001
2026	937	1,436	(474)	962
2027	977	1,375	(454)	921
2028	1,019	1,312	(433)	879
2029-2033	5,773	5,502	(1,816)	3,686
2034-2038	7,117	3,421	(1,129)	2,292
2039-2042	6,871	915	(302)	613
Total	24,458	17,006	(5,613)	11,393
Less: Current portion	(864)			
Long-term portion as of June 30, 2023	\$ 23,594			

*The SFPUC received an IRS notice dated May 25, 2023 that the federal interest subsidy on the 2009 Series D bonds is reduced by 5.7% through fiscal year 2030, or a total reduction of \$339, due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

Hetchy Power

	<u>Principal</u>	<u>Interest before subsidy</u>	<u>Federal interest subsidy*</u>	<u>Interest net of subsidy</u>
Fiscal years ending June 30:				
2024	\$ 445	798	(263)	535
2025	463	769	(254)	515
2026	483	739	(244)	495
2027	503	709	(234)	475
2028	524	675	(223)	452
2029-2033	2,972	2,833	(935)	1,898
2034-2038	3,665	1,762	(581)	1,181
2039-2042	3,538	471	(156)	315
Total	12,593	8,756	(2,890)	5,866
Less: Current portion	(445)			
Long-term portion as of June 30, 2023	\$ 12,148			

*The SFPUC received an IRS notice dated May 25, 2023 that the federal interest subsidy is reduced by 5.7% or a total reduction of \$174 due to sequestration over the remaining life of the bonds assuming the sequestration rate will remain the same after fiscal year 2023.

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(9) Revenue Pledge

Department-wide Business Type Activities

Department-wide revenue pledge for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Bonds issued with revenue pledge	\$ 8,093,786	7,038,726
Notes issued with revenue pledge	347,465	347,465
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	492,403	432,026
WIFIA loans with revenue pledge	122,357	—
Principal and interest remaining due at the end of the year	12,347,101	11,494,005
Principal and interest paid during the year	409,778	369,899
Net revenues for the year ended June 30	603,734	516,732
Funds available for debt service	1,042,606	819,884

Water Revenue Pledge

The Water Enterprise has pledged future revenues to repay various revenue bonds and SRF loans. Proceeds from the revenue bonds and SRF loans provided financing for various capital construction projects, and to refund previously issued bonds. The bonds and State Revolving Fund loans are payable solely from revenues of the Water Enterprise through the fiscal year ending 2058.

The original amount of revenue bonds and SRF loans issued, total principal and interest remaining, principal and interest paid during fiscal years 2023 and 2022, applicable net revenues, and funds available for debt service are as follows:

	<u>2023</u>	<u>2022</u>
Bonds issued with revenue pledge	\$ 4,882,130	4,891,480
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	163,627	121,761
Principal and interest remaining due at the end of the year	7,193,317	7,472,962
Principal and interest paid during the year	307,062	279,352
Net revenues for the year ended June 30	372,689	306,918
Funds available for debt service	566,764	410,424

Wastewater Revenue Pledge

The Wastewater Enterprise has pledged future revenues to repay various revenue bonds, revenue notes, SRF and WIFIA loans. Proceeds from the revenue bonds, revenue notes, SRF, and WIFIA loans provided financing for various capital construction projects, and to refund previously issued bonds. The bonds, notes, SRF and WIFIA loans payable through fiscal years 2052, 2027, 2056 and 2059, respectively, and are solely from revenues of the Wastewater Enterprise.

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The original amount of revenue bonds issued, revenue notes issued, SRF and WIFIA loans issued, total principal and interest remaining, principal and interest paid during fiscal years 2023 and 2022, applicable net revenues, and funds available for debt service are as follows:

	<u>2023</u>	<u>2022</u>
Bonds issued with revenue pledge	\$ 3,029,385	1,964,975
Notes issued with revenue pledge	347,465	347,465
Clean Water State Revolving Fund (CWSRF) loans with revenue pledge	328,776	310,265
WIFIA loans with revenue pledge	122,357	—
Principal and interest remaining due at the end of the year	4,872,238	3,730,462
Principal and interest paid during the year	98,811	86,619
Net revenues for the year ended June 30	178,850	155,504
Funds available for debt service	313,443	310,835

Hetchy Power Revenue Pledge

Hetchy Power has pledged future power revenues to repay the 2008 CREBs, the 2011 QECBs, and the 2015 NCREBs. Additionally, Hetchy Power has pledged future power revenues for 2015 Series AB and 2021 Series AB power revenue bonds. Proceeds from the bonds provided financing for various capital construction and facility energy efficiency projects. The Series 2015 AB power and 2021 Series AB revenue bonds are payable through fiscal year 2046 and 2052, respectively, are solely payable from net revenues of Hetchy Power on a senior lien basis to the 2008 CREBs, the 2011 QECBs, and the 2015 NCREBs.

The original amount of bonds issued, total principal and interest remaining, principal and interest paid during fiscal years 2023 and 2022, applicable net revenues, and funds available for debt service are as follows:

	<u>2023</u>	<u>2022</u>
Bonds issued with revenue pledge	\$ 182,271	182,271
Principal and interest remaining due at the end of the year	281,546	290,581
Principal and interest paid during the year*	3,905	3,928
Net revenues for the year ended June 30	52,195	54,310
Funds available for debt service	162,399	98,625

*Per Indenture, debt service for coverage is calculated using the amount of principal and interest paid during the year for the 2015 Series AB and 2021 Series AB power revenue bonds net of capitalized interest if any, which have a senior lien on power enterprise revenues; principal and interest paid during the year for the 2015 Series AB and 2021 Series AB power revenue bonds was \$2,567, net of capitalized interest.

(10) Leases

Department-wide Business Type Activities

Lessee

The SFPUC has entered into long-term leases for land, office space, communication site, data processing, machinery, and other equipment. The terms and conditions for these leases vary, which range between 1-75 years.

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A summary of intangible right-to-use lease during the years ended June 30, 2023 and 2022 is as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Right-to-use assets:					
Land	\$ 605	—	—	—	605
Building/facility	14,356	149	(862)	2,649	16,292
Total lease assets	14,961	149	(862)	2,649	16,897
Less accumulated amortization for:					
Land	(383)	(197)	—	—	(580)
Building/facility	(7,805)	(3,836)	862	—	(10,779)
Total accumulated amortization	(8,188)	(4,033)	862	—	(11,359)
Total lease assets, net	\$ 6,773	(3,884)	—	2,649	5,538
Right-to-use assets:					
Land	\$ 605	—	—	—	605
Building/facility	14,414	—	(58)	—	14,356
Total lease assets	15,019	—	(58)	—	14,961
Less accumulated amortization for:					
Land	(187)	(196)	—	—	(383)
Building/facility	(3,934)	(3,929)	58	—	(7,805)
Total accumulated amortization	(4,121)	(4,125)	58	—	(8,188)
Total lease assets, net	\$ 10,898	(4,125)	—	—	6,773

A summary of changes in the related lease liabilities during the years ended June 30, 2023 and 2022 is as follows:

	<u>2022</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>2023</u>	<u>Due within one year</u>
Water	\$ 2,863	149	2,413	(1,415)	4,010	1,189
Wastewater	3,638	—	—	(2,341)	1,297	1,297
Hetchy Water	62	—	105	(29)	138	16
Hetchy Power	75	—	131	(37)	169	19
CleanPowerSF	232	—	—	(232)	—	—
SFPUC Total	\$ 6,870	149	2,649	(4,054)	5,614	2,521
Water	\$ 4,244	—	—	(1,381)	2,863	1,008
Wastewater	5,952	—	—	(2,314)	3,638	2,341
Hetchy Water	78	—	—	(16)	62	3
Hetchy Power	94	—	—	(19)	75	3
CleanPowerSF	577	—	—	(345)	232	232
SFPUC Total	\$ 10,945	—	—	(4,075)	6,870	3,587

Variable Lease Payments

Variable lease payments, other than those payments that depend on an index or rate or are fixed in substance, are excluded from the measurement of the lease liability. Such amounts are recognized as lease expenses in the period in which the obligation for those payments is incurred.

Certain equipment or facility rental leases require SFPUC to make variable lease payments that based on usage, related to the property taxes levied on the lessor, and insurance payments made by the lessor; these amounts are generally determined annually.

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(Dollars in thousands, unless otherwise stated)

The amounts recognized as expense for variable lease payments not included in the measurement of the lease liability for SFPUC during the year ended June 30, 2023 and 2022 were as follows:

		<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
2023	\$	263	673	—	—	160	1,096
2022		34	207	1	1	43	286

Lessor

The SFPUC has leased facilities, easements, communication site and equipment to various tenants. The terms and conditions for these leases vary, which range between 1-65 years.

The SFPUC variable payments include percentage of sales, utility payments or payments depended on an index made by the lessee; these amounts are generally determined periodically. The Water Enterprise did not incur revenue related to residual value guarantees or lease termination penalties. The total amounts for lease revenue, interest revenue, and other lease-related revenues recognized during the year ended June 30, 2023 and 2022 were as follows:

		<u>Water</u>	<u>Wastewater</u>	<u>SFPUC Total</u>
2023	\$	1,161	7	1,168
2022		2,332	—	2,332

Water Enterprise as Lessee

A summary of intangible right-to-use leases during the years ended June 30, 2023 and 2022 are as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Right-to-use assets:					
Land	\$ 605	—	—	—	605
Building/facility	5,041	149	—	2,413	7,603
Total lease assets	5,646	149	—	2,413	8,208
Less accumulated amortization for:					
Land	(383)	(197)	—	—	(580)
Building/facility	(2,451)	(1,234)	—	—	(3,685)
Total accumulated amortization	(2,834)	(1,431)	—	—	(4,265)
Total lease assets, net	\$ 2,812	(1,282)	—	2,413	3,943
Right-to-use assets:					
Land	\$ 605	—	—	—	605
Building/facility	5,041	—	—	—	5,041
Total lease assets	5,646	—	—	—	5,646
Less accumulated amortization for:					
Land	(187)	(196)	—	—	(383)
Building/facility	(1,222)	(1,229)	—	—	(2,451)
Total accumulated amortization	(1,409)	(1,425)	—	—	(2,834)
Total lease assets, net	\$ 4,237	(1,425)	—	—	2,812

A summary of changes in the related leases liabilities during the years ended June 30, 2023 and 2022 is as follows:

<u>Fiscal years</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 2,863	149	2,413	(1,415)	4,010	1,189
2022	4,244	—	—	(1,381)	2,863	1,008

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Future annual lease payments as of June 30, 2023 and 2022 are as follows:

Years ending June 30:	Principal amount	Interest amount	FY 2023 Total
2024	\$ 1,189	81	1,270
2025	1,028	55	1,083
2026	546	32	578
2027	135	26	161
2028	122	23	145
2029-2033	416	86	502
2034-2038	445	39	484
2039-2043	129	3	132
Total	<u>4,010</u>	<u>345</u>	<u>4,355</u>
Less: Current portion	<u>(1,189)</u>		
Long-term portion as of June 30, 2023	<u>\$ 2,821</u>		

Years ending June 30:	Principal amount	Interest amount	FY 2022 Total
2023	\$ 1,008	42	1,050
2024	370	33	403
2025	186	29	215
2026	101	27	128
2027	103	25	128
2028-2032	436	96	532
2033-2037	446	49	495
2038-2042	213	6	219
Total	<u>2,863</u>	<u>307</u>	<u>3,170</u>
Less: Current portion	<u>(1,008)</u>		
Long-term portion as of June 30, 2022	<u>\$ 1,855</u>		

Water Enterprise as Lessor

Principal and interest requirements to maturity for the lease receivable at June 30, 2023 and 2022 are as follows:

Years ending June 30:	Principal amount	Interest amount	FY 2023 Total
2024	\$ 3,521	869	4,390
2025	3,610	821	4,431
2026	3,046	756	3,802
2027	2,721	698	3,419
2028	2,423	645	3,068
2029-2033	10,951	2,571	13,522
2034-2038	9,941	1,477	11,418
2039-2043	828	914	1,742
2044-2048	—	1,027	1,027
2049-2053	—	1,191	1,191
2054-2058	117	1,263	1,380
2059-2063	832	768	1,600
2064-2068	1,208	647	1,855
2069-2073	1,676	475	2,151
2074+	2,756	250	3,006
Total \$	<u>43,630</u>	<u>14,372</u>	<u>58,002</u>

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Years ending June 30:	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2022 Total</u>
2023	\$ 3,325	907	4,232
2024	3,389	848	4,237
2025	3,470	804	4,274
2026	2,951	743	3,694
2027	2,619	687	3,306
2028-2032	10,827	2,777	13,604
2033-2037	10,736	1,691	12,427
2038-2042	2,258	940	3,198
2043-2047	—	998	998
2048-2052	—	1,157	1,157
2053-2057	—	1,341	1,341
2058-2062	765	789	1,554
2063-2067	1,128	675	1,803
2068-2072	1,577	513	2,090
2073+	3,120	327	3,447
Total \$	<u>46,165</u>	<u>15,197</u>	<u>61,362</u>

Wastewater Enterprise as Lessee

A summary of intangible right-to-use leases during the years ended June 30, 2023 and 2022 is as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Right-to-use assets:					
Building/facility	\$ 8,247	—	—	—	8,247
Total lease assets	8,247	—	—	—	8,247
Less accumulated amortization for:					
Building/facility	(4,650)	(2,325)	—	—	(6,975)
Total accumulated amortization	(4,650)	(2,325)	—	—	(6,975)
Total lease assets, net	\$ 3,597	(2,325)	—	—	1,272
Right-to-use assets:					
Building/facility	\$ 8,247	—	—	—	8,247
Total lease assets	8,247	—	—	—	8,247
Less accumulated amortization for:					
Building/facility	(2,325)	(2,325)	—	—	(4,650)
Total accumulated amortization	(2,325)	(2,325)	—	—	(4,650)
Total lease assets, net	\$ 5,922	(2,325)	—	—	3,597

A summary of changes in the related leases liabilities during the years ended June 30, 2023 and 2022 is as follows:

Fiscal years	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 3,638	—	—	(2,341)	1,297	1,297
2022	5,952	—	—	(2,314)	3,638	2,341

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Future annual lease payments as of June 30, 2023 and 2022 are as follows:

	Principal amount	Interest amount	FY 2023 Total
Years ending June 30:			
2024	1,297	6	1,303
Less: Current portion	(1,297)	6	1,303
Long-term portion as of June 30, 2023	\$ —		
	Principal amount	Interest amount	FY 2022 Total
Years ending June 30:			
2023	\$ 2,341	30	2,371
2024	1,297	6	1,303
Total	3,638	36	3,674
Less: Current portion	(2,341)		
Long-term portion as of June 30, 2022	\$ 1,297		

Wastewater Enterprise as Lessor

Principal and interest requirements to maturity for the lease receivable at June 30, 2023 is as follows:

	Principal amount	Interest amount	FY 2023 Total
Years ending June 30:			
2024	\$ 212	38	250
2025	226	32	258
2026	241	26	267
2027	257	19	276
2028	215	12	227
2029-2031	306	13	319
Total \$	1,457	140	1,597

Hetchy Water as Lessee

A summary of intangible right-to-use leases during the years ended June 30, 2023 and 2022 is as follows:

	2022	Increases	Decreases	Remeasurements	2023
Right-to-use assets:					
Building/facility	\$ 67	—	26	105	198
Total lease assets	67	—	26	105	198
Less accumulated amortization for:					
Building/facility	(6)	(21)	(26)	—	(53)
Total accumulated amortization	(6)	(21)	(26)	—	(53)
Total lease assets, net	\$ 61	(21)	—	105	145
	2021	Increases	Decreases	Remeasurements	2022
Right-to-use assets:					
Building/facility	\$ 93	—	(26)	—	67
Total lease assets	93	—	(26)	—	67
Less accumulated amortization for:					
Building/facility	(19)	(13)	26	—	(6)
Total accumulated amortization	(19)	(13)	26	—	(6)
Total lease assets, net	\$ 74	(13)	—	—	61

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June 30, 2023 and 2022

(Dollars in thousands, unless otherwise stated)

A summary of changes in the related leases liabilities during the years ended June 30, 2023 and 2022 is as follows:

Fiscal years	Beginning of year	Additions	Remeasurements	Deductions	End of year	Due within one year
2023	\$ 62	—	105	(29)	138	16
2022	78	—	—	(16)	62	3

Future annual lease payments as of June 30, 2023 and 2022 are as follows:

Years ending June 30:	Principal amount	Interest amount	FY 2023 Total
2024	\$ 16	2	18
2025	16	2	18
2026	16	2	18
2027	16	2	18
2028	17	1	18
2029-2033	30	4	34
2034-2038	19	2	21
2039-2042	8	—	8
Total	138	15	153
Less: Current portion	(16)		
Long-term portion as of June 30, 2023	\$ 122		

Years ending June 30:	Principal amount	Interest amount	FY 2022 Total
2023*	\$ 3	1	4
2024	3	1	4
2025	3	1	4
2026	3	1	4
2027	3	1	4
2028-2032	17	4	21
2033-2037	18	3	21
2038-2042	12	1	13
Total	62	13	75
Less: Current portion	(3)		
Long-term portion as of June 30, 2022	\$ 59		

*Excluded \$28 payment from remeasurements due to lease renewal.

Hetchy Power as Lessee

A summary of intangible right-to-use leases during the years ended June 30, 2023 and 2022 is as follows:

	2022	Increases	Decreases	Remeasurements	2023
Right-to-use assets:					
Building/facility	\$ 81	—	32	131	244
Total lease assets	81	—	32	131	244
Less accumulated amortization for:					
Building/facility	(8)	(26)	(32)	—	(66)
Total accumulated amortization	(8)	(26)	(32)	—	(66)
Total lease assets, net	\$ 73	(26)	—	131	178
Right-to-use assets:					
Building/facility	\$ 113	—	(32)	—	81
Total lease assets	113	—	(32)	—	81
Less accumulated amortization for:					
Building/facility	(23)	(17)	32	—	(8)
Total accumulated amortization	(23)	(17)	32	—	(8)
Total lease assets, net	\$ 90	(17)	—	—	73

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June 30, 2023 and 2022

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A summary of changes in the related leases liabilities during the years ended June 30, 2023 and 2022 is as follows:

Fiscal years	Beginning of year	Additions	Remeasurements	Deductions	End of year	Due within one year
2023	\$ 75	—	131	(37)	169	19
2022	94	—	—	(19)	75	3

Future annual lease payments as of June 30, 2023 and 2022 are as follows:

Years ending June 30:	Principal amount	Interest amount	FY 2023 Total
2024	\$ 19	3	22
2025	19	3	22
2026	20	2	22
2027	20	2	22
2028	20	2	22
2029-2033	38	5	43
2034-2038	23	2	25
2039-2042	10	—	10
Total	169	19	188
Less: Current portion	(19)		
Long-term portion as of June 30, 2023	\$ 150		

Years ending June 30:	Principal amount	Interest amount	FY 2022 Total
2023*	\$ 3	2	5
2024	4	2	6
2025	4	1	5
2026	4	1	5
2027	4	1	5
2028-2032	20	5	25
2033-2037	23	3	26
2038-2042	13	1	14
Total	75	16	91
Less: Current portion	(3)		
Long-term portion as of June 30, 2022	\$ 72		

*Excluded \$34 payment from remeasurements due to lease renewal.

CleanPowerSF as Lessee

A summary of intangible right-to-use leases during the years ended June 30, 2023 and 2022 is as follows:

	2022	Increases	Decreases	Remeasurements	2023
Right-to-use assets:					
Building/facility	\$ 920	—	(920)	—	—
Total lease assets	920	—	(920)	—	—
Less accumulated amortization for:					
Building/facility	(690)	(230)	920	—	—
Total accumulated amortization	(690)	(230)	920	—	—
Total lease assets, net	\$ 230	(230)	—	—	—
Right-to-use assets:					
Building/facility	\$ 920	—	—	—	920
Total lease assets	920	—	—	—	920
Less accumulated amortization for:					
Building/facility	(345)	(345)	—	—	(690)
Total accumulated amortization	(345)	(345)	—	—	(690)
Total lease assets, net	\$ 575	(345)	—	—	230

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June 30, 2023 and 2022

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A summary of changes in the related leases liabilities during the years ended June 30, 2023 and 2022 is as follows:

Fiscal years	Beginning of year	Additions	Remeasurements	Deductions	End of year	Due within one year
2023	\$ 232	—	—	(232)	—	—
2022	577	—	—	(345)	232	232

Future annual lease payments as of June 30, 2022 is as follows:

Years ending June 30:	Principal amount	Interest amount	FY 2022 Total
2023	232	1	233
Less: Current portion	(232)	—	—
Long-term portion as of June 30, 2022	\$ —	—	—

(11) Subscription-Based Information Technology Arrangements (SBITAs)

Department-wide Business Type Activities

The SFPUC has noncancellable subscription arrangements (similar to a lease) for the right to use various information technology hardware and software (SBITAs). The terms and conditions for these subscriptions varies, which ranges between 1 – 5 years.

A summary of intangible right-to-use subscription IT assets during the years ended June 30, 2023 and 2022 are as follows:

	2022	Increases	Decreases	Remeasurements	2023
Subscription assets	\$ 4,935	—	—	—	4,935
Less accumulated amortization	(1,760)	(1,777)	—	—	(3,537)
Total Subscription assets, net	\$ 3,175	(1,777)	—	—	1,398

	2021	Increases	Decreases	Remeasurements	2022 [#]
Subscription assets	\$ 4,720	215	—	—	4,935
Less accumulated amortization	—	(1,760)	—	—	(1,760)
Total Subscription assets, net	\$ 4,720	(1,545)	—	—	3,175

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

A summary of changes in the related subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

	2022	Additions	Remeasurements	Deductions	2023	Due within one year
Water	\$ 1,556	—	—	(848)	708	400
Wastewater	944	—	—	(515)	429	243
Hetchy Water	309	—	—	(170)	139	80
Hetchy Power	253	—	—	(137)	116	65
CleanPowerSF	70	—	—	(39)	31	18
SFPUC Total	\$ 3,132	—	—	(1,709)	1,423	806

	2021	Additions	Remeasurements	Deductions	2022 [#]	Due within one year
Water	\$ 2,344	—	—	(788)	1,556	848
Wastewater	1,422	—	—	(478)	944	515
Hetchy Water	468	—	—	(159)	309	170
Hetchy Power	380	—	—	(127)	253	137
CleanPowerSF	106	—	—	(36)	70	39
SFPUC Total	\$ 4,720	—	—	(1,588)	3,132	1,709

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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Water

A summary of intangible right-to-use subscription IT assets during the years ended June 30, 2023 and 2022 are as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Subscription assets	\$ 2,450	—	—	—	2,450
Less accumulated amortization	(873)	(882)	—	—	(1,755)
Total Subscription assets, net	\$ 1,577	(882)	—	—	695

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2022[#]</u>
Subscription assets	\$ 2,344	106	—	—	2,450
Less accumulated amortization	—	(873)	—	—	(873)
Total Subscription assets, net	\$ 2,344	(767)	—	—	1,577

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

A summary of changes in the related subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

<u>Fiscal years</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 1,556	—	—	(848)	708	400
2022 [#]	2,344	—	—	(788)	1,556	848

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Future annual subscription payments as of June 30, 2023 and 2022 are as follows:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2023 Total</u>
Years ending June 30:			
2024	\$ 400	8	408
2025	153	4	157
2026	155	2	157
Total	708	14	722
Less: Current portion	(400)		
Long-term portion as of June 30, 2023	\$ 308		

	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2022 Total</u>
Years ending June 30:			
2023	\$ 848	14	862
2024	400	8	408
2025	153	4	157
2026	155	2	157
Total	1,556	28	1,584
Less: Current portion	(848)		
Long-term portion as of June 30, 2022	\$ 708		

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Wastewater

A summary of intangible right-to-use subscription IT assets during the years ended June 30, 2023 and 2022 are as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Subscription assets	\$ 1,487	—	—	—	1,487
Less accumulated amortization	(530)	(535)	—	—	(1,065)
Total Subscription assets, net	<u>\$ 957</u>	<u>(535)</u>	<u>—</u>	<u>—</u>	<u>422</u>

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2022[#]</u>
Subscription assets	\$ 1,422	65	—	—	1,487
Less accumulated amortization	—	(530)	—	—	(530)
Total Subscription assets, net	<u>\$ 1,422</u>	<u>(465)</u>	<u>—</u>	<u>—</u>	<u>957</u>

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

A summary of changes in the related subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

<u>Fiscal years</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 944	—	—	(515)	429	243
2022 [#]	1,422	—	—	(478)	944	515

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Future annual subscription payments as of June 30, 2023 and 2022 are as follows:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2023 Total</u>
Years ending June 30:			
2024	\$ 243	4	247
2025	93	2	95
2026	93	1	94
Total	<u>429</u>	<u>7</u>	<u>436</u>
Less: Current portion	(243)		
Long-term portion as of June 30, 2023	<u>\$ 186</u>		

	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2022 Total</u>
Years ending June 30:			
2023	\$ 515	8	523
2024	243	4	247
2025	93	2	95
2026	93	1	94
Total	<u>944</u>	<u>15</u>	<u>959</u>
Less: Current portion	(515)		
Long-term portion as of June 30, 2022	<u>\$ 429</u>		

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Hetchy Water

A summary of intangible right-to-use subscription IT assets during the years ended June 30, 2023 and 2022 are as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Subscription assets	\$ 490	—	—	—	490
Less accumulated amortization	(176)	(177)	—	—	(353)
Total Subscription assets, net	\$ 314	(177)	—	—	137

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2022[#]</u>
Subscription assets	\$ 468	22	—	—	490
Less accumulated amortization	—	(176)	—	—	(176)
Total Subscription assets, net	\$ 468	(154)	—	—	314

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

A summary of changes in the related subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

Fiscal years	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 309	—	—	(170)	139	80
2022 [#]	468	—	—	(159)	309	170

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Future annual subscription payments as of June 30, 2023 and 2022 are as follows:

Years ending June 30:	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2023 Total</u>
2024	\$ 80	2	82
2025	30	2	32
2026	29	1	30
Total	139	5	144
Less: Current portion	(80)		
Long-term portion as of June 30, 2023	\$ 59		

Years ending June 30:	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2022 Total</u>
2023	\$ 170	3	173
2024	80	2	82
2025	30	1	31
2026	29	1	30
Total	309	7	316
Less: Current portion	(170)		
Long-term portion as of June 30, 2022	\$ 139		

Hetchy Power

A summary of intangible right-to-use subscription IT assets during the years ended June 30, 2023 and 2022 are as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Subscription assets	\$ 397	—	—	—	397
Less accumulated amortization	(141)	(142)	—	—	(283)
Total Subscription assets, net	\$ 256	(142)	—	—	114

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	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2022[#]</u>
Subscription assets	\$ 380	17	—	—	397
Less accumulated amortization	—	(141)	—	—	(141)
Total Subscription assets, net	\$ 380	(124)	—	—	256

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

A summary of changes in the related subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

<u>Fiscal years</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 253	—	—	(137)	116	65
2022 [#]	380	—	—	(127)	253	137

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Future annual subscription payments as of June 30, 2023 and 2022 are as follows:

Years ending June 30:	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2023 Total</u>
2024	\$ 65	1	66
2025	25	1	26
2026	26	—	26
Total	116	2	118
Less: Current portion	(65)		
Long-term portion as of June 30, 2023	\$ 51		

Years ending June 30:	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2022 Total</u>
2023	\$ 137	2	139
2024	65	1	66
2025	25	1	26
2026	26	—	26
Total	253	4	257
Less: Current portion	(137)		
Long-term portion as of June 30, 2022	\$ 116		

CleanPowerSF

A summary of intangible right-to-use subscription IT assets during the years ended June 30, 2023 and 2022 are as follows:

	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2023</u>
Subscription assets	\$ 111	—	—	—	111
Less accumulated amortization	(40)	(41)	—	—	(81)
Total Subscription assets, net	\$ 71	(41)	—	—	30

	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Remeasurements</u>	<u>2022[#]</u>
Subscription assets	\$ 106	5	—	—	111
Less accumulated amortization	—	(40)	—	—	(40)
Total Subscription assets, net	\$ 106	(35)	—	—	71

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

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A summary of changes in the related subscription liabilities during the years ended June 30, 2023 and 2022 are as follows:

<u>Fiscal years</u>	<u>Beginning of year</u>	<u>Additions</u>	<u>Remeasurements</u>	<u>Deductions</u>	<u>End of year</u>	<u>Due within one year</u>
2023	\$ 70	—	—	(39)	31	18
2022 [#]	106	—	—	(36)	70	39

[#]Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

Future annual subscription payments as of June 30, 2023 and 2022 are as follows:

	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2023 Total</u>
Years ending June 30:			
2024	\$ 18	—	18
2025	6	—	6
2026	7	—	7
Total	31	—	31
Less: Current portion	(18)		
Long-term portion as of June 30, 2023	\$ 13		

	<u>Principal amount</u>	<u>Interest amount</u>	<u>FY 2022 Total</u>
Years ending June 30:			
2023	\$ 39	—	39
2024	18	—	18
2025	6	—	6
2026	7	—	7
Total	70	—	70
Less: Current portion	(39)		
Long-term portion as of June 30, 2022	\$ 31		

As of June 30, 2023 and 2022, no variable subscription payments were noted for SFPUC's subscription IT arrangements.

(12) Water Wholesale Balancing Account

Water Supply Agreement

From 1984-2009, the Water Enterprise provided water service pursuant to the terms of the 1984 Water Settlement Agreement and Master Water Sales Contract, which established the basis for water rates to be charged to those customers (Wholesale Customers). The Master Water Sales Contract expired on June 30, 2009. The Commission and the Wholesale Customers approved a Water Supply Agreement (WSA) effective July 1, 2009 (the contract was most recently restated and amended in January 2023).

The WSA has a 25-year term from July 1, 2009, with two options for five-year extensions. The existing 184 million gallons per day (mgd) Supply Assurance continues under the WSA and no increase in the Supply Assurance will be considered before December 31, 2028. During the period from 2009 to 2028, the WSA limits the quantity of water delivered to Retail Customers and Wholesale Customers from the watersheds to 265 mgd. Under the WSA, annual operating expenses, including debt service on bonds sold to finance regional system improvements and regional capital projects funded from revenues, will be allocated between Retail Customers and Wholesale Customers on the basis of proportionate annual water use. The original WSA stated the Wholesale Customers' share of net book value of existing regional assets as of June 30, 2009 would be recovered on level annual payment over the 25-year term of the WSA at an interest rate of 5.13%. The 25-year term repayment obligation was settled in February 2013. The Wholesale Customers made an early repayment to the Enterprise of the outstanding balance of \$356,139 as allowed by Section 5.03 of the WSA. The WSA continues much of the rate setting, accounting, and dispute resolution provisions contained in the expired contract, and has emergency and drought-pricing adjustment provisions.

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Pursuant to the terms of the WSA, the Water Enterprise is required to establish water rates applicable to the Wholesale Customers annually. The wholesale water rates are based on an estimate of the level of revenues necessary to recoup the cost of distributing water to the Wholesale Customers in accordance with the methodology outlined in Article V of the WSA (the Wholesale Revenue Requirement (WRR)). During fiscal years ending in 2023 and 2022, the WRR, net of adjustments, charged to such wholesale customers was \$300,502 and \$289,828, respectively. Such amounts are subject to final review by the Wholesale Customers, along with a trailing wholesale balancing account compliance audit of the WRR calculation.

Pursuant to Article VII, Section 7.02 of the WSA, the Water Enterprise is required to re-compute the WRR after the close of each fiscal year based on the actual costs incurred in the delivery of water to the Wholesale Customers. The difference between the wholesale revenues earned during the year and the "actual" WRR is recorded in a separate account (the Balancing Account) and represents the cumulative amount that is either owed to the Wholesale Customers (if the wholesale revenues exceed the WRR) or owed to the City (if the WRR exceeds the wholesale revenues paid). In accordance with Article VI of the WSA, the amount recorded in the Balancing Account shall earn interest at a rate equal to the average rate received by the City during the year on the invested pooled funds of the City Treasury and shall be taken into consideration in the determination of subsequent wholesale water rates. The Wholesale Customers owed the Water Enterprise \$10,052 as of June 30, 2023. The Water Enterprise owed the Wholesale Customers \$79,150 as of June 30, 2022. Refer to the compliance audit report for the final balancing account available at <https://sfpuc.org/about-us/reports/audited-financial-statements-reports>.

(13) **Other Non-Operating Revenues – Hetchy Power Transbay Cable Construction and Licensing Fees**

In 2007, the Board of Supervisors adopted the resolution to enter into two non-exclusive licenses with the Transbay Cable LLC (the Licensee) for the Transbay Cable Project. The Licensee proposed to install, operate, and maintain approximately 53 miles of high-voltage direct current transmission cable running from the City of Pittsburg to the City. The first license was a Construction License to install a 400 MW high-voltage transmission line, with a four-year term. The Licensee paid Hetchy Power \$3,500 in Renewable Energy, Transmission and Grid Reliability. The Construction licensing fees were fully spent as of 2020.

The second license is an operational license for operation of the transmission line with 25-year term and an option to renew for 10 years. The project came on line November 29, 2010 and cumulative revenues of \$22,708 were recorded. Per agreement, the SFPUC shall consider specifically renewable energy, conservation, and environmental health programs, which benefit low-income, at-risk, and environmentally disadvantaged communities. The San Francisco Electricity Reliability Payment shall also be partly used for green jobs training and placement programs, which benefit low-income, at-risk, and environmentally disadvantaged communities. As of June 30, 2023, cumulative expenses of \$12,487 have been incurred, with \$1,351 and \$1,525 in fiscal years 2023 and 2022, respectively.

(14) **Employee Benefits**

a) **Pension Plan**

San Francisco City and County Employees' Retirement System – The SFPUC participates in a cost-sharing multiple-employer defined benefit pension plan (SFERS Plan). The SFERS Plan is administered by the San Francisco City and County Employees' Retirement System (SFERS). For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, pension expense, information about the fiduciary net position of the SFERS Plan, and additions to/deductions from the SFERS Plan's fiduciary net position have been determined on the same basis as they are reported by the SFERS Plan. Contributions are recognized in the period in which they are due pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the

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benefit terms. Investments are reported at fair value.

Replacement Benefits Plan – The Replacement Benefits Plan (RBP) is a qualified excess benefit plan established in October 1989. Internal Revenue Code Section 415(m) provides for excess benefit arrangements that legally permit benefit payments above the Section 415 limits, provided that the payments are not paid from the SFERS Plan. The RBP allows the City to pay SFERS retirees any portion of the Charter-mandated retirement allowance that exceeds the annual Section 415(b) limit. The RBP plan does not meet the criteria of a qualified trust under GASB Statement No. 73 because RBP assets are subject to the claims of the employer’s general creditors under federal and state law in the event of insolvency.

GASB Statements No. 68 and No. 73 require that the SFERS Plan and RBP reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	<u>Fiscal Year 2023</u>	<u>Fiscal Year 2022</u>
Valuation Date (VD)	June 30, 2021 updated to June 30, 2022	June 30, 2020 updated to June 30, 2021
Measurement Date (MD)	June 30, 2022	June 30, 2021
Measurement Period (MP)	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

SFERS Plan – The City is an employer of the SFERS Plan with a proportionate share of 94.87% as of June 30, 2022 (measurement date) and 94.64% as of June 30, 2021 (measurement date) a 0.23% increase from prior year. SFPUC’s allocation percentage was determined based on its employer contributions divided by the City’s total employer contributions for fiscal years 2022 and 2021. The net pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/ inflows, and pension expense are based on each department’s allocated percentage. SFPUC’s allocation of the City’s proportionate share was 7.57%: 4.27% for Water, 1.99% for Wastewater, 0.55% for Hetchy Water, 0.68% for Hetchy Power and 0.08% for CleanPowerSF as of June 30, 2022 (measurement date). SFPUC’s allocation of the City’s proportionate share was 7.59%: 4.27% for Water, 1.99% for Wastewater, 0.57% for Hetchy Water, 0.69% for Hetchy Power and 0.07% for CleanPowerSF as of June 30, 2021 (measurement date).

RBP – The Water Enterprise’s allocation percentage was determined based on the Water Enterprise’s total pension liabilities divided by the City’s total pension liabilities for fiscal year 2022. The Water Enterprise’s total pension liability, deferred outflows/inflows of resources related to pensions, amortization of deferred outflows/inflows and pension expense is based on the Water Enterprise’s allocated percentage. The Water Enterprise’s allocation of the City’s proportionate share was 2.31% as of June 30, 2022 (measurement date) and 1.85% as of June 30, 2021 (measurement date).

SFERS Plan Description – The Plan provides basic service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and provides annual cost of living adjustments (COLA) after retirement. The Plan also provides pension continuation benefits to qualified survivors. The City Charter and the Administrative Code are the authorities which establish and amend the benefit provisions and employer obligations of the Plan. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained on the Retirement System’s website <http://mysfers.org> or by writing to the San Francisco City and County Employees’ Retirement System, 1145 Market Street, 5th Floor, San Francisco, CA 94103 or by calling (415) 487-7000.

SFERS Benefits – The Retirement System provides service retirement, disability, and death benefits based on specified percentages of defined final average monthly salary and annual COLA after retirement. Benefits and refunds are recognized when due and payable in accordance with the terms of the SFERS Plan. The Retirement System pays benefits according to the category of employment and the type of benefit coverage provided by the City and County.

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The four main categories of Plan members are:

- a. Miscellaneous Non-Safety Members – staff, operational, supervisory, and all other eligible employees who are not in special membership categories.
- b. Sheriff's Department and Miscellaneous Safety members – sheriffs assuming office on and after January 7, 2012, and undersheriffs, deputized personnel of the Sheriff's department, and miscellaneous safety employees hired on and after January 7, 2012.
- c. Firefighter Members – firefighters and other employees whose principal duties are in fire prevention and suppression work or who occupy positions designated by law as firefighter member positions.
- d. Police Members – police officers and other employees whose principal duties are in active law enforcement or who occupy positions designated by law as police member positions.

The membership groups and the related service retirement benefits are included in the Notes to the Basic Financial Statements of San Francisco Employees' Retirement System.

All members are eligible to apply for a disability retirement benefit, regardless of age, when they have 10 or more years of credited service, and they sustain an injury or illness that prevents them from performing their duties. Safety members are eligible to apply for an industrial disability retirement benefit from their first day on the job if their disability is caused by an illness or injury that they receive while performing their duties.

All retired members receive a benefit adjustment each July 1, which is the Basic COLA. The majority of adjustments are determined by changes in Consumer Price Index with increases capped at 2%. The Plan provides for a Supplemental COLA in years when there are sufficient "excess" investment earnings in the Plan. The maximum benefit adjustment each July 1 is 3.5% including the Basic COLA. Effective July 1, 2012, voters approved changes in the criteria for payment of the Supplemental COLA benefit, so that Supplemental COLAs would only be paid when the Plan is also fully funded on a market value of assets basis. Certain provision of this voter-approved proposition were challenged in the Courts. A decision by the California Courts modified the interpretation of the proposition. Effective July 1, 2012, members who retired before November 6, 1996 will receive a Supplemental COLA only when the Plan is also fully funded on a market value of assets basis. However, the "full funding" requirement does not apply to members who retired on or after November 6, 1996 and were hired before January 7, 2012. For all members hired before January 7, 2012, all Supplemental COLAs paid to them in retirement benefits will continue into the future even where an additional Supplemental COLA is not payable in any given year. For members hired on and after January 7, 2012, a Supplemental COLA will only be paid to retirees when the Plan is fully funded on a market value of asset basis and in addition for these members, Supplemental COLAs will not be permanent adjustments to retirement benefits. That is, in years when a Supplemental COLA is not paid, all previously paid Supplemental COLAs will expire.

Funding and Contribution Policy

SFERS Plan – Contributions are made by both the City and the participating employees. Employee contributions are mandatory as required by the Charter. Employee contribution rates varied from 7.5% to 12.0% and 7.5% to 13.0% as a percentage of gross covered salary in fiscal years 2023 and 2022. Most employee groups agreed through collective bargaining for employees to contribute the full amount of the employee contributions on a pretax basis. The City is required to contribute at an actuarially determined rate. Based on the July 1, 2021 actuarial report, the required employer contribution rate for fiscal year 2023 was 17.85% to 21.35%. Based on the July 1, 2020 actuarial report, the required employer contribution rate for fiscal year 2022 was 19.91% to 24.41%.

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Employer contributions and employee contributions made by the employer to the SFERS Plan are recognized when due and the employer has made a formal commitment to provide the contributions. The City's proportionate share of employer contributions recognized by the Retirement System in fiscal years ended June 30, 2022 and 2021 (measurement years) were \$729,578 and \$791,736, respectively. The SFPUC's allocation of employer contributions for fiscal years 2022 and 2021 (measurement periods) were \$55,460 and \$59,094, respectively. The Water Enterprise's allocation of employer contributions for fiscal years 2022 and 2021 (measurement periods) were \$31,151 and \$33,367, respectively. The Wastewater Enterprise's allocation of employer contributions for fiscal years 2022 and 2021 (measurement periods) were \$14,543 and \$16,083, respectively. Hetchy Water's allocation of employer contributions for fiscal years 2022 and 2021 (measurement periods) were \$4,149 and \$4,130, respectively. Hetchy Power's allocation of employer contributions for fiscal years 2022 and 2021 (measurement periods) were \$5,071 and \$5,048, respectively. CleanPowerSF's allocation of employer contributions for fiscal years 2022 and 2021 (measurement periods) were \$546 and \$466, respectively.

Replacement Benefits Plan – The RBP is and will remain unfunded and the rights of any participant and beneficiary are limited to those specified in the RBP. The RBP constitutes an unsecured promise by the City to make benefit payments in the future to the extent funded by the City. The City paid \$4,472 and \$4,097 replacement benefits in the years ended June 30, 2023 and June 30, 2022, respectively.

Pension (Assets)/Liabilities, Pension Expenses, and Deferred Outflows and Inflows of Resources Related to Pensions

Fiscal Year 2023

The City reported net pension liability (NPL) of \$2,708,927 for its proportionate share of the SFERS Plan and RBP, which includes the net pension liability for SFERS Plan of \$2,552,996 and the NPL of the RBP was \$155,931, as of June 30, 2023. The City's net pension (asset) (NPA)/NPL for the SFERS Plan is measured as the proportionate share of the (NPA)/NPL. The NPL of the SFERS Plan is measured as of June 30, 2022 (measurement date), and the total pension liability for the SFERS Plan and RBP used to calculate the NPL was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The City's proportion of the net pension (asset)/liability for the SFERS Plan was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The SFPUC's allocation of the City's proportionate share of the net pension liability for the plan as of June 30 2023 was \$194,760 of which \$111,743 for Water Enterprise, \$49,549 for Wastewater Enterprise, \$14,105 for Hetchy Water, \$17,239 for Hetchy Power and \$2,124 for CleanPowerSF. The Water Enterprise's allocation of the total pension liability for the RBP as of June 30, 2023 was \$3,600.

For the year ended June 30, 2023, the City recognized net pension expense of \$1,771, which includes pension (benefit) of (\$13,196) for the SFERS Plan and pension expense of \$14,967 for RBP, including amortization of deferred outflow/inflow related pension items. SFPUC's allocation of pension expense/(benefit) for the SFERS Plan including amortization of deferred outflow/inflow related pension items were \$2,866 of which \$6,225, net of RBP of \$1,363, was for the Water Enterprise, (\$1,167) was for the Wastewater Enterprise, (\$955) was for Hetchy Water, (\$1,168) was for Hetchy Power, and (\$69) was for CleanPowerSF.

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As of June 30, 2023, SFPUC reported deferred outflows of resources and deferred inflows of resources related to pensions were the following:

SFPUC Plan - Schedule of Deferred Outflows of Resources						
Fiscal Year 2023	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Pension contribution subsequent to the measurement date	\$ 27,925	12,383	3,525	4,308	531	48,672
Differences between expected and actual experience	10,200	4,523	1,288	1,574	194	17,779
Changes in assumptions	29,035	12,874	3,665	4,479	552	50,605
Change in employer's proportion	1,869	2,812	380	465	15	5,541
Total \$	69,029	32,592	8,858	10,826	1,292	122,597

SFPUC Plan - Schedule of Deferred Inflows of Resources						
Fiscal Year 2023	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Differences between expected and actual experience	\$ —	—	—	—	—	—
Changes in assumptions	8,713	3,864	1,100	1,344	166	15,187
Net difference between projected and actual earnings on pension plan investments	13,890	6,159	1,753	2,143	264	24,209
Change in employer's proportion	3,138	—	1,289	1,575	866	6,868
Total \$	25,741	10,023	4,142	5,062	1,296	46,264

Water Enterprise - RBP

Fiscal Year 2023	Schedule of Deferred Outflows of Resources	Schedule of Deferred Inflows of Resources
Differences between expected and actual experience	\$ 475	455
Changes in assumptions	579	778
Change in employer's proportion	18	1,530
Total \$	1,072	2,763

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in pension (benefit)/ expense as follows:

Fiscal years	SFPUC Plan					SFPUC Total	RBP Water
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF		
2024	\$ (5,899)	(1,574)	(1,163)	(1,422)	(509)	(10,567)	(283)
2025	(8,602)	(2,830)	(1,366)	(1,669)	(426)	(14,893)	(374)
2026	(17,636)	(6,905)	(2,405)	(2,939)	(477)	(30,362)	(589)
2027	47,500	21,495	6,125	7,486	877	83,483	(445)
Total \$	15,363	10,186	1,191	1,456	(535)	27,661	(1,691)

Fiscal Year 2022

The City reported net pension asset (NPA) of \$2,226,990 for its proportionate share of the SFERS Plan and RBP, which includes the net pension asset for SFERS Plan of \$2,446,564 and the net pension liability of the RBP was \$219,574, as of June 30, 2022. The City's net pension asset for the SFERS Plan is measured as the proportionate share of the net pension asset. The net pension (asset)/ liability of the SFERS Plan is measured as of June 30, 2021 (measurement date), and the total pension (asset)/liability for the SFERS Plan and RBP used to calculate the net pension (asset)/ liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City's proportion of the net pension (asset)/liability for the SFERS Plan was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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The SFPUC's allocation of the City's proportionate share of the net pension (asset) for the plan as of June 30 2022 was (\$181,926) of which (\$100,407) for Water Enterprise, (\$48,770) for Wastewater Enterprise, (\$13,912) for Hetchy Water, (\$17,004) for Hetchy Power and (\$1,833) for CleanPowerSF. The Water Enterprise's allocation of the total pension liability for the RBP as of June 30, 2022 was \$4,056.

For the year ended June 30, 2022, the City recognized net pension (benefit) of (\$922,979), which includes pension (benefit) of (\$951,714) for the SFERS Plan and pension expense of \$28,735 for RBP, including amortization of deferred outflow/inflow related pension items. SFPUC's allocation of pension (benefit) for the SFERS Plan including amortization of deferred outflow/inflow related pension items were (\$54,567) of which (\$29,908), net of RBP of \$3,131, was for the Water Enterprise, (\$20,601) was for the Wastewater Enterprise, (\$1,816) was for Hetchy Water, (\$2,220) was for Hetchy Power, and (\$22) was for CleanPowerSF.

As of June 30, 2022, SFPUC reported deferred outflows of resources and deferred inflows of resources related to pensions were the following:

SFERS Plan - Schedule of Deferred Outflows of Resources						
Fiscal Year 2022	Water	Wastewater	Hetchy	Hetchy	CleanPowerSF	SFPUC
			Water	Power		Total
Pension contribution subsequent to the measurement date	\$ 31,151	14,543	4,149	5,071	546	55,460
Differences between expected and actual experience	9,593	4,479	1,278	1,561	168	17,079
Changes in assumptions	7,068	3,300	941	1,151	124	12,584
Change in employer's proportion	3,531	3,047	328	400	14	7,320
Total \$	51,343	25,369	6,696	8,183	852	92,443

SFERS Plan - Schedule of Deferred Inflows of Resources						
Fiscal Year 2022	Water	Wastewater	Hetchy	Hetchy	CleanPowerSF	SFPUC
			Water	Power		Total
Differences between expected and actual experience	\$ 343	160	45	56	6	610
Changes in assumptions	18,339	8,562	2,443	2,985	322	32,651
Net difference between projected and actual earnings on pension plan investments	226,935	105,948	30,223	36,939	3,982	404,027
Change in employer's proportion	1,706	—	1,766	2,158	1,104	6,734
Total \$	247,323	114,670	34,477	42,138	5,414	444,022

Water Enterprise - RBP		
Fiscal Year 2022	Schedule of Deferred Outflows of Resources	Schedule of Deferred Inflows of Resources
Differences between expected and actual experience	\$ 552	—
Changes in assumptions	757	—
Change in employer's proportion	200	1,381
Total \$	1,509	1,381

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in pension expense as follows:

Fiscal years	SFERS Plan					RBP	
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total	Water
2023	\$ (57,166)	(26,134)	(8,033)	(9,817)	(1,407)	(102,557)	247
2024	(51,954)	(23,662)	(7,470)	(9,130)	(1,278)	(93,494)	52
2025	(54,608)	(24,937)	(7,679)	(9,386)	(1,194)	(97,804)	1
2026	(63,403)	(29,111)	(8,748)	(10,693)	(1,229)	(113,184)	(172)
Total \$	(227,131)	(103,844)	(31,930)	(39,026)	(5,108)	(407,039)	128

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Actuarial Assumptions

Fiscal Year 2023

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability for both SFERS Plan and RBP as of June 30, 2022 (measurement date) is provided below, including any assumptions that differ from those used in the July 1, 2021 actuarial valuation. Refer to the July 1, 2021 actuarial valuation report for a complete description of all other assumptions, which can be found on the Retirement System's website <http://mysfers.org/>.

<u>Key Actuarial Assumptions</u>		<u>SFERS Plan</u>			
Valuation Date		June 30, 2021 updated to June 30, 2022			
Measurement Date		June 30, 2022			
Actuarial Cost Method		Entry-Age Normal Cost			
Expected Rate of Return		7.20% net of investment expenses			
Municipal Bond Yield		2.16% as of June 30, 2021			
		3.54% as of June 30, 2022			
		Bond Buyer 20-Bond GO Index, June 24, 2021 and June 30, 2022			
Inflation		2.50%			
Salary Increases		3.25% plus merit component based employee classification and years of service			
Discount Rate		7.40% as of June 30, 2021			
		7.20% as of June 30, 2022			
Administrative Expenses		0.60% of payroll as of June 30, 2021			
		0.60% of payroll as of June 30, 2022			
		<u>Old Miscellaneous and all New Plans</u>	<u>Old Police & Fire pre 7/1/75</u>	<u>Old Police & Fire, Charters A8.595 and A8.596</u>	<u>Old Police & Fire, Charters A8.559 and A8.585</u>
Basic COLA	June 30, 2021	2.00%	1.90%	2.50%	3.60%
Basic COLA	June 30, 2022	2.00%	1.90%	2.50%	3.60%
 <u>Key Actuarial Assumptions</u>		 <u>Replacement Benefits Plan</u>			
Valuation Date		June 30, 2021 updated to June 30, 2022			
Measurement Date		June 30, 2022			
Actuarial Cost Method		Entry-Age Normal Cost			
Municipal Bond Yield		3.54% as of June 30, 2022			
		Bond Buyer 20-Bond GO Index, June 24, 2021 and June 30, 2022			
Inflation		2.50%			
Salary Increases		3.25% plus merit component based employee classification and years of service			
Discount Rate		3.54% as of June 30, 2022			
Administrative Expenses		0.60% of payroll as of June 30, 2022			
		<u>Old Miscellaneous</u>	<u>Old Police & Fire</u>	<u>Old Police & Fire, Charters</u>	<u>Old Police & Fire, Charters</u>
Basic COLA	June 30, 2021	2.00%	1.90%	2.50%	3.60%
Basic COLA	June 30, 2022	2.00%	1.90%	2.50%	3.60%

Mortality rates for health Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates were then projected generationally from the base year using the MP-2019 projection scale.

The actuarial assumptions used at the June 30, 2022 measurement date was based upon the result of a demographic experience study for the period July 1, 2014 through June 30, 2019 and an economic experience study as of July 1, 2021.

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Fiscal Year 2022

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability for both SFERS Plan and RBP as of June 30, 2021 (measurement period) is provided below, including any assumptions that differ from those used in the July 1, 2020 actuarial valuation. Refer to the July 1, 2020 actuarial valuation report for a complete description of all other assumptions, which can be found on the Retirement System’s website <http://mysfers.org/>.

<u>Key Actuarial Assumptions</u>	<u>SFERS Plan</u>			
Valuation Date	June 30, 2020 updated to June 30, 2021			
Measurement Date	June 30, 2021			
Actuarial Cost Method	Entry-Age Normal Cost			
Expected Rate of Return	7.40% net of investment expenses			
Municipal Bond Yield	2.21% as of June 30, 2020			
	2.16% as of June 30, 2021			
	Bond Buyer 20-Bond GO Index, June 25, 2020 and June 24, 2021			
Inflation	2.50%			
Salary Increases	3.25% plus merit component based employee classification and years of service			
Discount Rate	7.40% as of June 30, 2020			
	7.40% as of June 30, 2021			
Administrative Expenses	0.60% of payroll as of June 30, 2020			
	0.60% of payroll as of June 30, 2021			
	<u>Old Miscellaneous and all New Plans</u>	<u>Old Police & Fire pre 7/1/75</u>	<u>Old Police & Fire, Charters A8.595 and A8.596</u>	<u>Old Police & Fire, Charters A8.559 and A8.585</u>
Basic COLA June 30, 2020	2.00%	2.50%	3.10%	4.20%
Basic COLA June 30, 2021	2.00%	1.90%	2.50%	3.60%

<u>Key Actuarial Assumptions</u>	<u>Replacement Benefits Plan</u>			
Valuation Date	June 30, 2020 updated to June 30, 2021			
Measurement Date	June 30, 2021			
Actuarial Cost Method	Entry-Age Normal Cost			
Municipal Bond Yield	2.16% as of June 30, 2021			
	Bond Buyer 20-Bond GO Index, June 25, 2020 and June 24, 2021			
Inflation	2.50%			
Salary Increases	3.25% plus merit component based employee classification and years of service			
Discount Rate	2.16% as of June 30, 2021			
Administrative Expenses	0.60% of payroll as of June 30, 2021			
	<u>Old Miscellaneous</u>	<u>Old Police & Fire</u>	<u>Old Police & Fire, Charters</u>	<u>Old Police & Fire, Charters</u>
Basic COLA June 30, 2020	2.00%	2.50%	3.10%	4.20%
Basic COLA June 30, 2021	2.00%	1.90%	2.50%	3.60%

Mortality rates for health Miscellaneous members were based upon adjusted PubG-2010 Employee and Retiree tables for non-annuitants and retirees, respectively. Mortality rates were then projected generationally from the base year using the MP-2019 projection scale.

The actuarial assumptions used at the June 30, 2021 measurement date was based upon the result of a demographic experience study for the period July 1, 2014 through June 30, 2019 and an economic experience study as of July 1, 2020.

Discount Rate

Fiscal Year 2023

SFERS Plan – The beginning and end of year measurements are based on different assumptions and contribution methods that may result in different discount rates. The discount rate was 7.20% as of June 30, 2022 (measurement date) and 7.40% as of June 30, 2021 (measurement date).

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The discount rate used to measure the Total Pension Liability as of June 30, 2022 was 7.20%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2021 actuarial valuation. That policy includes contributions equal to the employer portion of the entry age normal costs for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the unfunded actuarial liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. The remaining unfunded actuarial liability not attributable to Charter amendments as of July 1, 2013 is amortized over a 19-year period commencing July 1, 2014. Experience gains and losses and assumption or method changes on or after July 1, 2014 are amortized over 20 years. The full amortization payment for the 2015 assumption changes is phased in over a period of 5 years. For the July 1, 2016 valuation, the increase in the unfunded actuarial liability attributable to the Supplemental COLAs granted on July 1, 2013 and July 1, 2014 are amortized over 17-years and 5-years respectively. All amortization schedules are established as a level percentage of payroll so payments increase 3.25% each year. The unfunded actuarial liability is based on an actuarial value of assets that smooths investment gains and losses over five years and a measurement of the actuarial liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of actuarial liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who worked after November 6, 1996 and before Proposition C passed (Post 97 Retirees), a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the actuarial value of assets. For members who did not work after November 6, 1996 and before Proposition C passed, the market value of assets must also exceed the actuarial liability at the beginning of the year for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. The large majority of members receive a 1.50% Supplemental COLA when granted.

Because the probability of a Supplemental COLA depends on the current funded level of the Retirement System for certain members, an assumption was developed as of June 30, 2022 for the probability and amount of Supplemental COLA for each future year. A full Supplemental COLA will be paid to all retired members, and their beneficiaries, who were retired effective July 1, 2022.

The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA for sample years.

**Assumed Supplemental COLA for Members with a 2.00%
Basic COLA**

Fiscal years	96 - Prop C	Before 11/6/96 or After Prop C
2024	0.75 %	0.70 %
2025	0.75	0.60
2026	0.75	0.60
2027 +	0.75	0.50

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

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Based on these assumptions, the Retirement System’s fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Projected benefit payments are discounted at the long-term expected return on assets of 7.20% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 3.54% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2022 is 7.20%.

The long-term expected rate of return on pension plan investments was 7.20%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Target allocation and best estimates of geometric long-term expected real rates of return (net of pension plan investment expense and inflation) for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	37.0 %	4.8 %
Private Equity	23.0	7.9
Private Credit	10.0	5.8
Real Assets	10.0	4.7
Hedge Funds/Absolute Returns	10.0	3.4
Treasuries	8.0	0.6
Liquid Credit	5.0	3.5
Leverage	(3.0)	0.6
Total	100.0 %	

RBP – The beginning and end of year measurements are based on different assumptions that result in different discount rates. The discount rate was 3.54% as of June 30, 2022. This reflects the yield for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The Municipal Bond Yields are the Bond Buyer 20-Year GO Index as of June 24, 2021 and June 30, 2022. These are the rates used to determine the total pension liability as of June 30, 2022.

The inflation assumption of 2.50% compounded annually was used for projecting the annual IRC Section 415(b) limitations. However, the actual IRC Section 415(b) limitations published by the IRS of \$245 was used for the 2022 measurement date.

The SFERS assumptions about Basic and Supplemental COLA previously discussed also apply to the RBP, including the impact of the State Appeals Court determination that the full funding requirement for payment of Supplemental COLA included in Proposition C was unconstitutional and the impact is accounted for as a change in benefits.

On June 30, 2023, City’s membership in the RBP had a total of 327 active members and 160 retirees and beneficiaries currently receiving benefits. The Water Enterprise has 7 active members and 6 retirees and beneficiaries currently receiving benefits.

Fiscal Year 2022

SFERS Plan – The beginning and end of year measurements are based on different assumptions and contribution methods that may result in different discount rates. The discount rate was 7.40% as of June 30, 2021 (measurement date) and June 30, 2020 (measurement date).

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The discount rate used to measure the Total Pension Liability as of June 30, 2021 was 7.40%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will continue to be made at the rates specified in the Charter. Employer contributions were assumed to be made in accordance with the contribution policy in effect for July 1, 2020 actuarial valuation. That policy includes contributions equal to the employer portion of the entry age normal costs for members as of the valuation date, a payment for the expected administrative expenses, and an amortization payment on the unfunded actuarial liability.

The amortization payment is based on closed periods that vary in length depending on the source. Charter amendments prior to July 1, 2014 are amortized over 20 years. After July 1, 2014, any Charter changes to active member benefits are amortized over 15 years and changes to inactive member benefits, including Supplemental COLAs, are amortized over 5 years. The remaining unfunded actuarial liability not attributable to Charter amendments as of July 1, 2013 is amortized over a 19-year period commencing July 1, 2014. Experience gains and losses and assumption or method changes on or after July 1, 2014 are amortized over 20 years. The full amortization payment for the 2015 assumption changes is phased in over a period of 5 years. For the July 1, 2016 valuation, the increase in the unfunded actuarial liability attributable to the Supplemental COLAs granted on July 1, 2013 and July 1, 2014 are amortized over 17-years and 5-years respectively. All amortization schedules are established as a level percentage of payroll so payments increase 3.25% each year. The unfunded actuarial liability is based on an actuarial value of assets that smooths investment gains and losses over five years and a measurement of the actuarial liability that excludes the value of any future Supplemental COLAs.

While the contributions and measure of actuarial liability in the funding valuation do not anticipate any future Supplemental COLAs, the projected contributions for the determination of the discount rate include the anticipated future amortization payments on future Supplemental COLAs for current members when they are expected to be granted. For members who worked after November 6, 1996 and before Proposition C passed (Post 97 Retirees), a Supplemental COLA is granted if the actual investment earnings during the year exceed the expected investment earnings on the actuarial value of assets. For members who did not work after November 6, 1996 and before Proposition C passed, the market value of assets must also exceed the actuarial liability at the beginning of the year for a Supplemental COLA to be granted. When a Supplemental COLA is granted, the amount depends on the amount of excess earnings and the basic COLA amount for each membership group. The large majority of members receive a 1.50% Supplemental COLA when granted.

Because the probability of a Supplemental COLA depends on the current funded level of the Retirement System for certain members, an assumption was developed as of June 30, 2021 for the probability and amount of Supplemental COLA for each future year. A full Supplemental COLA will be paid to all retired members, and their beneficiaries, who were retired effective July 1, 2021.

The table below shows the net assumed Supplemental COLA for members with a 2.00% Basic COLA for sample years.

<u>Fiscal years</u>	<u>96 - Prop C</u>	<u>Before 11/6/96 or After Prop C</u>
2023	0.75 %	0.70 %
2025	0.75	0.70
2027	0.75	0.60
2029	0.75	0.60
2031	0.75	0.60
2033 +	0.75	0.50

The projection of benefit payments to current members for determining the discount rate includes the payment of anticipated future Supplemental COLAs.

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Based on these assumptions, the Retirement System’s fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Projected benefit payments are discounted at the long-term expected return on assets of 7.40% to the extent the fiduciary net position is available to make the payments and at the municipal bond rate of 2.16% to the extent they are not available. The single equivalent rate used to determine the Total Pension Liability as of June 30, 2021 is 7.40%.

The long-term expected rate of return on pension plan investments was 7.40%. It was set by the Retirement Board after consideration of both expected future returns and historical returns experienced by the Retirement System. Expected future returns were determined by using a building-block method in which best-estimate ranges of expected future real rates of return were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Target allocation and best estimates of geometric long-term expected real rates of return (net of pension plan investment expense and inflation) for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	37.0 %	4.2 %
Private Equity	23.0	7.9
Private Credit	10.0	5.1
Real Assets	10.0	5.1
Hedge Funds/Absolute Returns	10.0	2.9
Treasuries	8.0	0.0
Liquid Credit	5.0	2.3
Leverage	(3.0)	0.1
Total	<u>100.0 %</u>	

RBP – The beginning and end of year measurements are based on different assumptions that result in different discount rates. The discount rate was 2.16% as of June 30, 2021. This reflects the yield for a 20-year, tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The Municipal Bond Yields are the Bond Buyer 20-Year GO Index as of June 25, 2020 and June 24, 2021. These are the rates used to determine the total pension liability as of June 30, 2021.

The inflation assumption of 2.50% compounded annually was used for projecting the annual IRC Section 415(b) limitations. However, the actual IRC Section 415(b) limitations published by the IRS of \$230 for 2021 was used for the 2021 measurement date.

The SFERS assumptions about Basic and Supplemental COLA previously discussed also apply to the RBP, including the impact of the State Appeals Court determination that the full funding requirement for payment of Supplemental COLA included in Proposition C was unconstitutional and the impact is accounted for as a change in benefits.

On June 30, 2022, City’s membership in the RBP had a total of 350 active members and 135 retirees and beneficiaries currently receiving benefits. The Water Enterprise has 9 active members and 3 retirees and beneficiaries currently receiving benefits.

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Sensitivity of Proportionate Share of the Net Pension (Asset)/Liability to Changes in the Discount Rate

The following presents the SFPUC's allocation of the employer's proportionate share of the net pension (asset)/liability (NPA/NPL) for the SFERS Plan, calculated using the discount rate, as well as what the SFPUC's allocation of the employer's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

SFERS Plan - Schedule of Employers' Proportionate Share of the Net Pension (Asset)/Liability							
Fiscal Year 2023	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total	
1% Decrease Share of NPL @ 6.20%	\$ 305,993	135,684	38,624	47,207	5,817	533,325	
Share of (NPL) @ 7.20%	111,743	49,549	14,105	17,239	2,124	194,760	
1% Increase Share of (NPA) @ 8.20%	(48,394)	(21,459)	(6,108)	(7,466)	(920)	(84,347)	

SFERS Plan - Schedule of Employers' Proportionate Share of the Net Pension (Asset)/Liability							
Fiscal Year 2022	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total	
1% Decrease Share of NPL @ 6.40%	\$ 69,621	32,504	9,272	11,333	1,221	123,951	
Share of (NPA) @ 7.40%	(104,463)	(48,770)	(13,912)	(17,004)	(1,833)	(185,982)	
1% Increase Share of (NPA) @ 8.40%	(248,184)	(115,868)	(33,053)	(40,398)	(4,354)	(441,857)	

The following presents the Water Enterprise's allocation of the employer's proportionate share of the total pension liability for the RBP, calculated using the discount rate, as well as what the Water Enterprise's allocation of the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

Replacement Benefits Plan - Schedule of Employers' Proportionate Share of the Net Pension Liability	
Fiscal Year 2023	Water
1% Decrease Share of NPL @ 2.54%	\$ 4,270
Measurement Date @ 3.54%	3,600
1% Increase Share of NPL @ 4.54%	3,072
Fiscal Year 2022	Water
1% Decrease Share of NPL @ 1.16%	\$ 4,889
Measurement Date @ 2.16%	4,056
1% Increase Share of NPL @ 3.16%	3,411

b) Other Post-Employment Benefits

The SFPUC participates in the City's single-employer defined benefit other post-employment benefits plan (the Plan). The Plan is maintained by the City and is administered through the City's Health Service System. It provides post-employment medical, dental and vision insurance benefits to eligible employees, retired employees, surviving spouses, and domestic partners. Health benefit provisions are established and may be amended through negotiations between the City and the respective bargaining units. The City does not issue a separate report on its other post-employment benefit plan.

GASB Statement No. 75 requires that reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

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San Francisco Health Service System Retiree Plan - Single-Employer

	Fiscal Year 2023	Fiscal Year 2022
Valuation Date (VD)	June 30, 2022	June 30, 2020 updated to June 30, 2021
Measurement Date (MD)	June 30, 2022	June 30, 2021
Measurement Period (MP)	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

The SFPUC’s allocation percentage of the Plan was determined based on its percentage of citywide “pay-as-you-go” contributions for the years ended June 30, 2022 and June 30, 2021. The SFPUC’s net OPEB liability, deferred outflows/inflows of resources related to OPEB, amortization of deferred outflows/inflows and OPEB expense to each department is based on SFPUC’s allocated percentage. The SFPUC’s proportionate share of the City’s OPEB elements as of June 30, 2022 (measurement date) was 6.26%: 3.97% for the Water Enterprise, 1.31% for the Wastewater Enterprise, 0.40% for Hetchy Water, 0.47% for Hetchy Power, and 0.11% for CleanPowerSF. The SFPUC’s proportionate share of the City’s OPEB elements as of June 30, 2021 (measurement date) was 6.15%: 3.90% for the Water Enterprise, 1.33% for the Wastewater Enterprise, 0.39% for Hetchy Water, 0.47% for Hetchy Power, and 0.06% for CleanPowerSF.

Benefits – Permanent full-time and elected employees are eligible to retire and receive postretirement health insurance benefits when they are eligible for retirement benefits from the City and County of San Francisco’s Retirement System. The eligibility requirements are as follows:

Normal Retirement	Miscellaneous	Age 50 with 20 years of credited service ¹ Age 60 with 10 years of credited service
	Safety	Age 50 with 5 years of credited service
Disabled Retirement ²		Any age with 10 years of credited service
Terminated Vested		5 years of credited service at separation

¹ Age 53 with 20 years of credited service, age 60 with 10 years of credited service, or age 65 for Miscellaneous members hired on or after January 7, 2012.

² No service requirement for Safety members retiring under the industrial disability benefit or for surviving spouses/domestic partners of those killed in the line of duty.

Retiree healthcare benefits are administered by the San Francisco Health Service System and include the following:

Medical:	PPO – Blue Shield (self-insured) and UHC Medicare Advantage (fully-insured) HMO – Kaiser (fully-insured) and Blue Shield (flex-funded) and Health Net (flex-funded)
Dental:	Delta Dental, DeltaCare USA and United Healthcare Dental
Vision:	Vision benefits are provided under the medical insurance plans and are administered by Vision Service Plan.

Projections of the sharing of benefit-related costs are based on an established pattern of practice.

Contributions – Benefits provided under the Plan are currently paid through “pay as you go” funding. Additionally, under the City Charter, active officers and employees of the City who commenced employment on or after January 10, 2009, shall contribute to the Retiree Health Care Trust Fund (Trust Fund) a percentage of compensation not to exceed 2% of pre-tax compensation. The City shall contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009 until the City’s GASB Actuary has determined that the City’s portion of the Trust Fund is fully funded. At that time, the City’s 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 2% of pre-tax compensation.

Starting July 1, 2016, active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the Trust Fund. Beginning on July 1st of each subsequent year, the active officers and employees of the City who commenced employment on or before January 9, 2009, shall contribute an additional 0.25% of pre-

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tax compensation up to a maximum of 1%. Starting July 1, 2016, the City shall contribute 0.25% of compensation into the Trust Fund for each officer and employee who commenced employment on or before January 9, 2009. Beginning on July 1st of each subsequent year, the City shall contribute an additional 0.25% of compensation, up to a maximum of 1% for each officer and employee who commenced employment on or before January 9, 2009. When the City's actuary has determined that the City's portion of the Trust Fund is fully funded, the City's 1% contribution shall cease, and officers and employees will each contribute 50% of the maximum 1% of pre-tax compensation. Additional or existing contribution requirements may be established or modified by amendment to the City's Charter.

Fiscal Year 2023

For the fiscal year ended June 30, 2023, the City's funding was based on "pay-as-you-go" plus a contribution of \$45,241 to the Retiree Healthcare Trust Fund. The "pay-as-you-go" portion paid by the City was \$215,408 for a total contribution of \$260,649 for the fiscal year ended June 30, 2023. The SFPUC's proportionate share of contributions for fiscal year 2023 was \$16,339: \$10,339 for Water Enterprise, \$3,412 for the Wastewater Enterprise, \$1,038 for Hetchy Water, \$1,268 for Hetchy Power, and \$282 for CleanPowerSF for fiscal year 2023 and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period.

Fiscal Year 2022

For the fiscal year ended June 30, 2022, the City's funding was based on "pay-as-you-go" plus a contribution of \$41,841 to the Retiree Healthcare Trust Fund. The "pay-as-you-go" portion paid by the City was \$211,205 for a total contribution of \$252,866 for the fiscal year ended June 30, 2022. The SFPUC's proportionate share of contributions for fiscal year 2022 was \$15,560: \$9,873 for Water Enterprise, \$3,365 for the Wastewater Enterprise, \$975 for Hetchy Water, \$1,192 for Hetchy Power, and \$155 for CleanPowerSF for fiscal year 2022 and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period.

OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

Fiscal Year 2023

As of June 30, 2023, the City reported net OPEB liabilities related to the Plan of \$3,746,270. The SFPUC's proportionate share of the City's net OPEB liability as of June 30, 2023 was \$234,816: \$148,601 for Water Enterprise, \$49,035 for the Wastewater Enterprise, \$14,907 for Hetchy Water, \$18,220 for Hetchy Power, and \$4,053 for CleanPowerSF.

For the year ended June 30, 2023, the City's recognized OPEB expense was \$256,974. Amortization of the City's deferred outflows and inflows is included as a component of OPEB expense. The SFPUC's proportionate share of the City's OPEB expense was \$32,559: \$20,381 for Water Enterprise, \$4,374 for the Wastewater Enterprise, \$2,078 for Hetchy Water, \$2,540 for Hetchy Power, and \$3,186 for CleanPowerSF.

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(Dollars in thousands, unless otherwise stated)

As of June 30, 2023, the SFPUC's reported its proportionate share of the City's deferred outflows and inflows of resources related to OPEB from the following sources:

Schedule of Deferred Outflows of Resources						
Fiscal Year 2023	Water	Wastewater	Hetchy	Hetchy	CleanPowerSF	SFPUC
			Water	Power		Total
Contribution subsequent to the measurement date	\$ 10,339	3,412	1,038	1,268	282	16,339
Differences between expected and actual experience	3,299	1,089	331	404	90	5,213
Changes in assumptions	6,344	2,093	636	778	173	10,024
Net difference between projected and actual earnings on pension plan investments	2,392	789	240	293	65	3,779
Change in proportion	6,242	4,110	1,003	1,226	399	12,980
Total \$	<u>28,616</u>	<u>11,493</u>	<u>3,248</u>	<u>3,969</u>	<u>1,009</u>	<u>48,335</u>

Schedule of Deferred Inflows of Resources						
Fiscal Year 2023	Water	Wastewater	Hetchy	Hetchy	CleanPowerSF	SFPUC
			Water	Power		Total
Differences between expected and actual experience	\$ 24,740	8,164	2,482	3,033	675	39,094
Change in proportion	2,335	122	602	736	2,247	6,042
Total \$	<u>27,075</u>	<u>8,286</u>	<u>3,084</u>	<u>3,769</u>	<u>2,922</u>	<u>45,136</u>

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in OPEB (benefit)/expense as follows:

Fiscal years	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
2024	\$ (2,253)	(137)	(193)	(236)	(527)	(3,346)
2025	(2,213)	(124)	(189)	(231)	(526)	(3,283)
2026	(720)	369	(39)	(48)	(485)	(923)
2027	(1,132)	236	(130)	(159)	(384)	(1,569)
Thereafter	(2,480)	(549)	(323)	(394)	(273)	(4,019)
Total	<u>\$ (8,798)</u>	<u>(205)</u>	<u>(874)</u>	<u>(1,068)</u>	<u>(2,195)</u>	<u>(13,140)</u>

Fiscal Year 2022

As of June 30, 2022, the City reported net OPEB liabilities related to the Plan of \$3,691,122. The SFPUC's proportionate share of the City's net OPEB liability as of June 30, 2022 was \$227,147: \$144,115 for Water Enterprise, \$49,123 for the Wastewater Enterprise, \$14,240 for Hetchy Water, \$17,405 for Hetchy Power, and \$2,264 for CleanPowerSF.

For the year ended June 30, 2022, the City's recognized OPEB expense was \$272,001. Amortization of the City's deferred outflows and inflows is included as a component of OPEB expense. The SFPUC's proportionate share of the City's OPEB expense was \$22,932: \$14,566 for Water Enterprise, \$5,364 for the Wastewater Enterprise, \$1,874 for Hetchy Water, \$2,291 for Hetchy Power, offset by \$1,163 for CleanPowerSF.

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(Dollars in thousands, unless otherwise stated)

As of June 30, 2022, the SFPUC's reported its proportionate share of the City's deferred outflows and inflows of resources related to OPEB from the following sources:

Schedule of Deferred Outflows of Resources						
Fiscal Year 2022	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Contribution subsequent to the measurement date	\$ 9,873	3,365	975	1,192	155	15,560
Differences between expected and actual experience	4,330	1,476	428	523	68	6,825
Changes in assumptions	6,091	2,076	602	735	96	9,600
Change in proportion	12,151	5,981	1,267	1,549	479	21,427
Total \$	32,445	12,898	3,272	3,999	798	53,412

Schedule of Deferred Inflows of Resources						
Fiscal Year 2022	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Differences between expected and actual experience	\$ 22,191	7,564	2,193	2,680	348	34,976
Net difference between projected and actual earnings on plan investments	2,728	930	269	329	43	4,299
Change in proportion	429	146	272	333	1,203	2,383
Total \$	25,348	8,640	2,734	3,342	1,594	41,658

Amounts reported as deferred outflows, exclusive of contributions made after the measurement date, and deferred inflows of resources will be amortized annually and recognized in OPEB expense as follows:

Fiscal years	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
2023	\$ (313)	291	(105)	(128)	(264)	(519)
2024	(324)	288	(106)	(130)	(264)	(536)
2025	(286)	301	(103)	(125)	(264)	(477)
2026	(263)	231	46	57	(167)	(96)
2027	(669)	95	(43)	(53)	(59)	(729)
Thereafter	(921)	(313)	(126)	(156)	67	(1,449)
Total	\$ (2,776)	893	(437)	(535)	(951)	(3,806)

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Actuarial Assumptions

Fiscal Year 2023

A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2022 (measurement date) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2022
Measurement Date	June 30, 2022
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 7.74% trending down to ultimate rate of 3.93% in 2076 Medicare trend starts at 7.74% trending down to ultimate rate of 3.94% in 2076 10-County average trend starts at 5.00% trending down to ultimate rate of 3.94% in 2076 Vision and expenses trend remains a flat 3.00% for all years
Expected Rate of Return on Plan Assets	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2019.

Non-Annuitants

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

The mortality rates in the base tables are projected generationally from the base year using the MP-2019 projection scale.

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Notes to Basic Financial Statements

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(Dollars in thousands, unless otherwise stated)

Fiscal Year 2022

A summary of the actuarial assumptions and methods used to calculate the total OPEB liability as of June 30, 2021 (measurement date) is provided below:

Key Actuarial Assumptions

Valuation Date	June 30, 2020 updated to June 30, 2021
Measurement Date	June 30, 2021
Actuarial Cost Method	The Entry Age Actuarial Cost Method is used to measure the Plan's Total OPEB Liability
Healthcare Cost Trend Rates	Pre-Medicare trend starts at 6.74% trending down to ultimate rate of 4.04% in 2075 Medicare trend starts at 7.24% trending down to ultimate rate of 4.04% in 2075 10-County average trend starts at 5.50% trending down to ultimate rate of 4.04% in 2075 Vision and expenses trend remains a flat 3.00% for all years
Expected Rate of Return on Plan Assets	7.00%
Salary Increase Rate	Wage Inflation Component: 3.25% Additional Merit Component (dependent on years of service): Police: 0.50% - 7.50% Fire: 0.50% - 14.00% Muni Drivers: 0.00% - 16.00% Craft: 0.50% - 3.75% Misc: 0.30% - 5.50%
Inflation Rate	Wage Inflation: 3.25% compounded annually Consumer Price Inflation: 2.50% compounded annually
Mortality Tables	Base mortality tables are developed by multiplying a published table by an adjustment factor developed in SFERS experience study for the period ending June 30, 2019.

Non-Annuityants

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	0.834	0.866
Safety	PubS-2010 Employee	1.011	0.979

Healthy Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubS-2010 Employee	0.947	1.044

Disabled Retirees

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.045	1.003
Safety	PubS-2010 Employee	0.916	0.995

Beneficiaries

	Published Table	Adjustment Factor	
		Male	Female
Miscellaneous	PubG-2010 Employee	1.031	0.977
Safety	PubG-2010 Employee	1.031	0.977

The mortality rates in the base tables are projected generationally from the base year using the MP-2019 projection scale.

Sensitivity of Liabilities to Changes in the Healthcare Cost Trend Rate and Discount Rate

The following presents the SFPUC's proportionate share of the City's net OPEB liability calculated using the healthcare cost trend rate, as well as what its allocation of the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current rate as of June 30, 2023 and June 30, 2022:

	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>Total 2023</u>
1% Decrease	\$ 127,125	41,948	12,753	15,586	3,467	200,879
Healthcare Trend	148,601	49,035	14,907	18,220	4,053	234,816
1% Increase	175,238	57,824	17,579	21,486	4,779	276,906
	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>Total 2022</u>
1% Decrease	\$ 122,667	41,812	12,121	14,814	1,927	193,341
Healthcare Trend	144,115	49,123	14,240	17,405	2,264	227,147
1% Increase	170,851	58,236	16,882	20,634	2,685	269,288

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Discount Rate

Fiscal Year 2023

The discount rate used to measure the Total OPEB Liability as of June 30, 2022 was 7.0%. Based on the assumption that plan member contributions will continue to be made at the rates specified in the Charter, it was determined that the Plan’s projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. As such, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The long-term expected rate of return on OPEB plan investments was 7.0% based on expected future returns and historical returns experienced by the Trust Fund. Expected future returns were determined based on 10-year and 20-year capital market assumptions for the Trust Fund’s asset allocation.

Target allocation for each major asset class and best estimates of geometric real rates of return are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Equities		
U.S. Large Cap	28.0 %	6.8 %
U.S. Small Cap	3.0	7.4
Developed Market Equity (non-U.S.)	15.0	7.5
Emerging Market Equity	13.0	8.4
Credit		
Bank Loans	3.0	4.0
High Yield Bonds	3.0	4.4
Emerging Market Bonds	3.0	4.2
Rate Securities		
Investment Grade Bonds	9.0	2.4
Long-term Government Bonds	4.0	2.8
Short-term Treasury Inflation-Protected Securities (TIPS)	4.0	1.9
Private Markets		
Private Equity	5.0	10.0
Core Private Real Estate	5.0	6.1
Risk Mitigating Strategies		
Global Macro	5.0	5.0
Total	100.0 %	

The following presents the SFPUC’s proportionate share of the City’s net OPEB liability calculated using the discount rate, as well as what the SFPUC’s proportionate share of the City’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

Fiscal Year 2023	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
1% Decrease 6.00%	\$ 173,000	57,086	17,355	21,211	4,718	273,370
Discount Rate 7.00%	148,601	49,035	14,907	18,220	4,053	234,816
1% Increase 8.00%	128,583	42,429	12,899	15,765	3,507	203,183

Fiscal Year 2022

The discount rate used to measure the Total OPEB Liability as of June 30, 2021 was 7.0%. Based on the assumption that plan member contributions will continue to be made at the rates specified in the Charter, it was determined that the Plan’s projected fiduciary net position will be greater than or equal to the benefit payments projected for each future period. As such, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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The long-term expected rate of return on OPEB plan investments was 7.0% based on expected future returns and historical returns experienced by the Trust Fund. Expected future returns were determined based on 10-year and 20-year capital market assumptions for the Trust Fund’s asset allocation.

Target allocation for each major asset class and best estimates of geometric real rates of return are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Equities		
U.S. Large Cap	28.0%	8.2 %
U.S. Small Cap	3.0	9.5
Developed Market Equity (non-U.S.)	15.0	8.9
Emerging Market Equity	13.0	11.0
Credit		
Bank Loans	3.0	4.4
High Yield Bonds	3.0	4.4
Emerging Market Bonds	3.0	4.3
Rate Securities		
Investment Grade Bonds	9.0	1.9
Long-term Government Bonds	4.0	3.2
Short-term Treasury Inflation-Protected Securities (TIPS)	4.0	1.5
Private Markets		
Private Equity	5.0	13.0
Core Private Real Estate	5.0	6.2
Risk Mitigating Strategies		
Global Macro	5.0	4.4
Total	100.0%	

The following presents the SFPUC’s proportionate share of the City’s net OPEB liability calculated using the discount rate, as well as what the SFPUC’s proportionate share of the City’s net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

<u>Fiscal Year 2022</u>	<u>Water</u>	<u>Wastewater</u>	<u>Hetchy Water</u>	<u>Hetchy Power</u>	<u>CleanPowerSF</u>	<u>SFPUC Total</u>
1% Decrease 6.00%	\$ 168,520	57,442	16,652	20,352	2,648	265,614
Discount Rate 7.00%	144,115	49,123	14,240	17,405	2,264	227,147
1% Increase 8.00%	124,181	42,328	12,271	14,997	1,951	195,728

City issues a publicly available financial report that includes the complete note disclosures and required supplementary information related to the City’s post-employment health care obligations. The report may be obtained by writing to the City and County of San Francisco, Office of the Controller, 1 Dr. Carlton B. Goodlett Place, Room 316, San Francisco, California 94102, or by calling (415) 554-7500.

(15) Related Parties

Various common costs incurred by the Commission are allocated proratably between Water, Wastewater, Hetchy Water and Hetchy Power and CleanPowerSF. The allocations are based on the Commission management’s best estimate and may change from year to year depending on the activities incurred by each enterprise and the information available.

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The following tables show the administrative costs including COVID-19 Project expenses for the years ended June 30, 2023 and 2022:

Fiscal Years	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total
	\$	%		%		%		%		%	
2023	\$ 55,121	48.2%	32,909	28.8%	11,778	10.3%	9,452	8.3%	5,132	4.4%	114,392
2022	52,769	49.2%	32,212	30.0%	10,886	10.2%	8,820	8.2%	2,515	2.4%	107,202

SFPUC's 75-year lease agreement with the San Francisco Recreation and Parks Department (SFRPD), for the use of parking spaces for its fleet of vehicles at the Civic Center Garage, commenced on February 1, 2011. The total payment under this agreement is \$6,274, which was fully made as of fiscal year 2015. The expenses and prepayments among the three SFPUC Enterprises are based on 525 Golden Gate occupancy.

The following tables show the allocable share of expenses and prepayments for the years ended June 30, 2023 and 2022:

	2023				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
Allocable share of expenses	\$ 45	21	5	12	83
Allocable share of prepayment	3,220	1,124	146	741	5,231

	2022				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
Allocable share of expenses	\$ 44	22	5	13	84
Allocable share of prepayment	3,265	1,145	151	753	5,314

Water Enterprise

The Water Enterprise purchases water from Hetch Hetchy Water. The amounts, totaling \$49,636 and \$45,815 for the years ended June 30, 2023 and 2022, respectively, have been included in the services provided by other departments in the accompanying financial statements.

The Water Enterprise purchases electricity from Hetch Hetchy Power at market rates. The amounts, totaling \$11,398 and \$11,394 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

The Water Enterprise sold water to the Wastewater Enterprise at retail rates. This amount, totaling \$1,552 and \$1,819 for the years ended June 30, 2023 and 2022, respectively, has been included in charges for services in the accompanying financial statements.

Since fiscal year 2008, the Water Enterprise has charged City departments for water usage with the exception of fire hydrants, which are used for general public safety. In fiscal years 2023 and 2022, the Water Enterprise delivered water for fire hydrant purposes totaling \$9 and \$8, respectively, based on metered usage and applicable water rates, and the amount has been excluded from operating revenues in the accompanying financial statements.

A variety of City departments provide services such as engineering, purchasing, legal, data processing, telecommunications, and human resources to the Water Enterprise and charge amounts designed to recover those departments' costs. These charges, totaling \$18,690 and \$15,951 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

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During the fiscal year ended June 30, 2023, the Water Enterprise transferred \$20,000 to Hetch Hetchy Water to fund various Mountain Tunnel projects, and \$32 to the Office of the City Administrator for the Water Enterprise's contribution to the Surety Bond Program. The Water Enterprise received \$5 from the General Fund for Mayor's Office instructions relating to the minimum compensation ordinance.

As of June 30, 2023, the Water Enterprise had interfund receivables of \$115 from Department of Public Works (DPW) relating to custom work projects. As of June 30, 2022, the Water Enterprise had interfund receivables of \$102 from DPW relating to custom work projects and \$69 from Academy of Sciences for unpaid interdepartmental services.

The Water Enterprise had receivables due from the Treasure Island Development Authority for capacity fees of \$195 as of June 30, 2022, and from the Office of Community Investment and Infrastructure for custom work projects of \$0 and \$7 for the years ended June 30, 2023 and 2022, respectively.

The Water Enterprise had a \$2,440 payable to San Francisco Municipal Transportation Agency for a settlement payable relating to the Van Ness Corridor Transit Improvement project as of June 30, 2023.

Wastewater Enterprise

The Wastewater Enterprise purchases electricity from Hetch Hetchy Power at market rates. This amount, totaling \$14,876 and \$11,887 for the years ended June 30, 2023 and 2022, respectively, has been included in services provided by other departments in the accompanying financial statements.

The Wastewater Enterprise purchases water from Water Enterprise at retail rates. This amount, totaling \$1,552 and \$1,819 for the years ended June 30, 2023 and 2022, respectively, has been included in services provided by other departments in the accompanying financial statements.

The Wastewater Enterprise provides sewer services to other City departments at non-residential rates established by the Commission, and through the Customer Services Bureau, bills and collects sewer service charges on behalf of the Wastewater Enterprise.

The City's Department of Public Works provides certain engineering and other services to the Wastewater Enterprise and charges amounts designed to recover its costs. These services are primarily related to street cleaning, engineering, building repair, and sewer repair. These amounts totaling approximately \$9,156 and \$13,099 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

A variety of other City departments provide services such as purchasing, legal, data processing, telecommunications, and human resources to the Wastewater Enterprise and charge amounts designed to recover those departments' costs. These charges totaling approximately \$15,414 and \$12,840 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

As of June 30, 2023 and 2022, the Wastewater Enterprise has payables in the amount of \$2,102 and \$0, respectively, to MTA related to Walsh settlement and \$518 and \$629, respectively, which is associated with the SFPUC Headquarters Living Machine system. As of June 30, 2023 and 2022, the Wastewater Enterprise has payable of \$0 to the City Attorney's Office for legal services provided.

As of June 30, 2023, the Wastewater Enterprise has interfund receivable of \$128 from DPW for the Mission Bay South custom work project. In fiscal year 2022, the Wastewater Enterprise has interfund receivable of \$224, of which \$118 from DPW for custom work projects and \$106 from the Academy of Sciences for sewer charges.

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As of June 30, 2023, the Wastewater Enterprise has no receivable due from the City's component unit. In fiscal year 2022, the Wastewater Enterprise has receivable due from the City's component unit consisting of \$1,014, from the Treasure Island Development Authority for capacity charges and \$1 from the Office of Community Investment and Infrastructure (OCII) for the Candlestick Point Project.

SFPUC's 30-year lease agreement with the San Francisco Port Commission, for the use of approximately 4,833 square feet of land located within Seawall Lot 345 and within the public right-of-way on Terry A. Francois Boulevard and on Illinois Street, commenced on September 1st, 2018. SFPUC intends to use the premises for the reconstruction of the Mariposa Pump Station and Force Main Improvements. Total payment under this agreement is \$502, which was fully made as of fiscal year 2019. As of June 30, 2023, the Wastewater Enterprise's expenses and prepayment were \$17 and \$421, respectively, and as of June 30, 2022 were \$17 and \$438, respectively.

Hetchy Water

The Water Enterprise purchases water from Hetchy Water. Included in the operating revenues are the water assessment fees of \$49,636 and \$45,815 for the years ended June 30, 2023 and 2022, respectively. The water assessment fees represent a recovery to fund upcountry, water-related costs that are not otherwise funded through Hetchy water-related revenue or Water revenue bonds.

A variety of City departments provide direct services such as engineering, purchasing, legal, data processing, telecommunication, and human resources to Hetchy Water and charge amounts designed to recover those departments' costs. These charges totaling approximately \$3,392 and \$3,129 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

Hetchy Water received \$20,000 and \$30,001 for the years ended June 30, 2023 and 2022, respectively, from the Water Enterprise to fund upcountry projects.

Hetchy Power

For the years ended, June 30, 2023, and 2022, operating revenues in sales of power to departments within the City were \$121,046 and \$116,334, respectively.

A variety of City departments provide direct services such as engineering, purchasing, legal, data processing, telecommunication, and human resources to Hetchy Power and charge amounts designed to recover those departments' costs. These charges totaling approximately \$8,674 and \$6,253 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

The Water Enterprise also purchases electricity and gas from Hetchy Power. This amount totaled \$11,398 and \$11,394 for the years ended June 30, 2023 and 2022, respectively.

The Wastewater Enterprise purchases electricity and gas from Hetchy Power. This amount totaled \$14,876 and \$11,887 for the years ended June 30, 2023 and 2022, respectively.

The Low Carbon Fuel Standard (LCFS) program is a regulatory program overseen by the California Air Resources Board (CARB). The LCFS program seeks to reduce the carbon intensity of California's transportation fuel by 20% by 2030. Transportation fuel suppliers can achieve this goal by either reducing the carbon intensity of their fuels or purchasing LCFS credits from other fuel suppliers that have a lower carbon intensity. In 2017, the San Francisco Municipal Transportation Agency (SFMTA) joined the LCFS program, signing up its transit fleet of electric buses, cable cars, and light rail vehicles and generating LCFS credits. Through a Memorandum of Understanding (MOU) with SFMTA, approved by the SFPUC Commission in Resolution 17-0199, net proceeds from the sale of LCFS credits would be shared 50/50 between SFMTA and Hetchy Power. Under the MOU, Hetchy Power would take responsibility for selling the LCFS credits. In Ordinance 0199-19, the Board of Supervisors authorized Hetchy Power to establish

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the Low Carbon Fuel Standard Fund to account for the revenue and expenditure from the sale of LCFS credits. The Ordinance also allowed Hetchy Power to sell LCFS credits on behalf of other City agencies. During the fiscal years ended, June 30, 2023 and 2022, Hetchy Power received total payments of LCFS credits attributable to SFMTA of \$1,123 and \$2,367, respectively. Among these amounts, \$561 in fiscal year 2023 and \$1,184 in fiscal year 2022, respectively, were transferred to SFMTA, and the remaining portion was reported as other non-operating revenues on the Statements of Revenues, Expenses, and Change in Net Position.

In fiscal year 2023, municipal customers entering into an LCFS Partnership Agreement will pay for premium charges. The Port of San Francisco (Port) started earning its own LCFS credits on January 1, 2022, through the provision of shoreside power to docked ships. Hetchy Power has subsequently started selling the Port’s LCFS credits in fiscal year 2023 and recognized \$32 revenues from credit sales. Total of \$210 was transferred to Port for fiscal year 2023.

Due from other City departments was \$11,486 and \$11,804 as of June 30, 2023 and 2022, respectively. Hetchy Power serves as the City’s department for energy efficiency projects and maintains the Sustainable Energy Account (SEA) (formerly known as the Mayor’s Energy Conservation Account) fund to sponsor and financially support such projects at various City departments. In this role, Hetchy Power may secure low-interest financing to supplement funds available in the SEA fund. At June 30, 2023 and 2022, projects completed or under way throughout the City amounted to \$3,544 and \$4,050, respectively, and are recorded as due from other City departments.

Hetch Hetchy funded a project for the Treasure Island Development Authority and recorded a receivable in connection with an upgraded submarine power cable for the Treasure Island, and gas and electrical charges for the Treasure Island as due from other City departments. This amount totaled \$7,177 and \$6,666 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, Hetchy Power recorded receivables of \$518 and \$629, respectively, due from Wastewater Enterprise for its share of costs relating to SFPUC Headquarters Living Machine System. Details of due from other City departments are as follows:

	<u>2023</u>	<u>2022</u>
Treasure Island Development Authority	\$ 7,177	6,666
SEA-related projects - Moscone Center	3,544	4,050
Wastewater - 525 Golden Gate Headquarters Project	518	629
San Francisco Recreation and Park	209	314
Department of Public Works	<u>38</u>	<u>145</u>
Total due from other City departments	11,486	11,804
Less: current portion	<u>(1,134)</u>	<u>(867)</u>
Long-term portion as of June 30, net	\$ <u>10,352</u>	<u>10,937</u>

As of June 30, 2023, Hetchy Power had payables in the amount of \$1,946 for claim settlement reimbursement to SFMTA. As of June 30, 2022, Hetchy Power had payables in the amount of \$380, of which \$369 to the Port of San Francisco for Pier 70 Shoreside Power Project and \$11 to the Department of Public Works for painting of light poles.

CleanPowerSF

As of June 30, 2023, and 2022, operating revenue in sales of power to Hetchy Power were \$1,549 and \$2,332, respectively. Operating expenses in purchase of power from Hetchy Power were \$5,846 and \$1,589, respectively. Wholesale sales of energy, capacity and/or other electric power related products may be made between the CleanPowerSF and Hetchy Power, when available. CleanPowerSF and Hetchy Power transact for such products at prevailing market prices.

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A variety of City departments provide direct services such as engineering, purchasing, legal, data processing, telecommunication, and human resources to CleanPowerSF and charge amounts designed to recover those departments' costs. These charges totaling approximately \$4,302 and \$3,621 for the years ended June 30, 2023 and 2022, respectively, have been included in services provided by other departments in the accompanying financial statements.

CleanPowerSF received program support services from Hetchy Power. This amount totaled \$2,850 and \$1,861 for the years ended June 30, 2023 and 2022, respectively.

(16) Risk Management

The SFPUC's Risk Management program includes both self-insured (i.e., self-retention) and insured exposures at risk. Risk assessments and purchasing of insurance coverage are collaboratively coordinated by SFPUC Enterprise Risk Management and the City's Office of Risk Management. With certain exceptions, the City and the SFPUC's general approach is to first evaluate the exposure at risk for self-insurance. Based on this analysis, internal mitigation strategies and financing through a self-retention mechanism are generally more economical as the SFPUC in coordination with the City Attorney's Office administers, adjusts, settles, defends, and pays claims from budgeted resources (i.e., pay-as-you-go fund). When economically more viable or when required by debt financing covenants, the SFPUC obtains commercial insurance. At least annually, the City actuarially determines general liability and workers' compensation risk exposures. The SFPUC does not maintain commercial earthquake coverage, with certain minor exceptions, such as a sub-limit for fire-sprinkler leakage due to earthquake under the SFPUC Property Insurance program. In the past three years, there was no settlements that exceeded insurance coverage.

<u>Risks</u>	<u>Coverage Approach</u>
(a) General liability	Self-Insured
(b) Workers' compensation	Self-Insured through Citywide Pool
(c) Property	Purchased Insurance and Self-Insured
(d) Public officials liability	Purchased Insurance
(e) Employment practices liability	Purchased Insurance
(f) Cyber Liability	Purchased Insurance
(g) Crime	Purchased Insurance
(h) Electronic data processing	Purchased Insurance and Self-Insured
(i) Surety bonds	Purchased and Contractual Risk Transfer
(j) Errors and omissions	Purchased and Contractual Risk Transfer
(k) Builders' risk	Contractual Risk Transfer

a) General Liability

Through coordination with the Controller and the City Attorney's Office, the general liability risk exposure is actuarially determined and is addressed through pay-as-you-go funding as part of the budgetary process. Associated costs and estimates are recorded as expenses as required under GAAP for financial statement purposes for both the SFPUC and the City and County of San Francisco's Annual Comprehensive Financial Report. The claim expense allocations are determined based on actuarially determined anticipated claim payments and the projected timing of disbursement.

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The changes for the general liability (damage claims) for the years ended June 30, 2023 and 2022 are as follows:

	2023					
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Beginning of year	\$ 36,069	12,045	627	1,023	32	49,796
Claims & changes in estimates	1,898	2,716	320	10,439	1,738	17,111
Claims paid & changes in estimates	(18,342)	(10,411)	(247)	(5,312)	(1,736)	(36,048)
End of year	\$ 19,625	4,350	700	6,150	34	30,859

	2022					
	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC Total
Beginning of year	\$ 36,723	16,713	525	1,108	6	55,075
Claims & changes in estimates	452	8,812	253	2,005	1,582	13,104
Claims paid & changes in estimates	(1,106)	(13,480)	(151)	(2,090)	(1,556)	(18,383)
End of year	\$ 36,069	12,045	627	1,023	32	49,796

b) Workers' Compensation

The City actuarially determines and allocates workers' compensation costs to the SFPUC according to a formula based on the following: (i) the dollar amount of claims; (ii) yearly projections of payments based on historical experience; and (iii) the size of the SFPUC's payroll. The administration of workers' compensation claims and payouts are handled by the Workers' Compensation Division of the City's Department of Human Resources. Statewide workers' compensation reforms have resulted in budgetary savings in recent years. The City continues to develop and implement improved programs, such as return-to-work programs, to lower or mitigate the growth of workers' compensation costs. Programs include accident prevention, investigation, and duty modification for injured employees with medical restrictions so return to work can occur as soon as possible.

The changes in the liabilities for workers' compensation for the years ended June 30, 2023 and 2022 are as follows:

	2023*				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
Beginning of year	\$ 8,973	7,546	1,228	2,250	19,997
Claims & changes in estimates	3,984	2,976	76	224	7,260
Claims paid & changes in estimates	(3,222)	(2,524)	(85)	(236)	(6,067)
End of year	\$ 9,735	7,998	1,219	2,238	21,190

	2022*				
	Water	Wastewater	Hetchy Water	Hetchy Power	SFPUC Total
Beginning of year	\$ 8,828	6,582	1,120	2,118	18,648
Claims & changes in estimates	2,793	3,207	233	322	6,555
Claims paid & changes in estimates	(2,648)	(2,243)	(125)	(190)	(5,206)
End of year	\$ 8,973	7,546	1,228	2,250	19,997

*CleanPowerSF had no workers' compensation liability as of June 30, 2023 and 2022.

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c) Property

The SFPUC's property risk management approach varies depending on whether the facility is currently under construction, the property is part of revenue-generating operations, the property is of high value, or is mission-critical in nature. During the course of construction, the SFPUC requires each contractor to provide its own insurance, while ensuring the full scope of work be covered with satisfactory levels to limit the SFPUC's risk exposure. Once construction is complete, the SFPUC performs an assessment to determine whether liability/loss coverage will be obtained through the commercial property policy or self-insurance. The majority of property scheduled in the insurance program is for: 1. revenue generating facilities, 2. debt financed facilities, 3. mandated coverage to meet statutory requirements for bonding of various public officials, or 4. high-value, mission-critical property or equipment.

d) Public Officials Liability

All SFPUC public officials with financial oversight responsibilities are provided coverage through a commercial Public Officials Liability Policy.

e) Employment Practices Liability

An Employment Practices Liability Policy is retained to protect against employment-related claims and liabilities.

f) Cyber Liability

A Cyber Liability Policy is retained to protect against cyber-related claims and liabilities.

g) Crime

The SFPUC also retains a Commercial Crime Policy, in lieu of bonding its employees, to provide coverage against liabilities or losses due to third-party crime or employee fraud.

h) Electronic Data Processing

The Electronic Data Processing policy protects selected high-value electronic property in case of damage or loss.

i) Surety Bonds

Bonds are required in most phases of the public utilities construction contracting process for such phases as bid, performance, and payment or maintenance. Additionally, bonds may be required in other contracts where goods or services are provided to ensure compliance with applicable terms and conditions such as warranty.

j) Errors and Omissions

Errors and omissions, also known as Professional Liability, are commonly transferred through contract to the contracted professional, or retained through self-insurance on a case-by-case basis depending on the size, complexity, or scope of construction or professional service contracts. Examples of such contracts are inclusive of services provided by engineers, architects, design professionals, and other licensed or certified professional service providers.

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k) Builders' Risk

Builders' Risk policies of insurance are required to be provided by the contractor on all construction projects for the full value of construction.

l) Energy Risk Management

Similar to other electric utilities with a heavy reliance on hydroelectric generation, Hetch Hetchy is exposed to risks that could impact its ability to generate net revenues to fund operating and capital investment activities. Hydroelectric generation facilities in the Sierra Nevada are the primary source of electricity for Hetch Hetchy. For this reason, the Hetch Hetchy revenues can vary with watershed hydrology, unexpected generator outages, and market prices for energy. Given the inherent risk for all hydroelectric generation, several risk management interventions have been developed to mitigate exposure.

m) Enterprise Risk Management

The Power Enterprise adopted the ISO 31000 standard for Hetchy Power and the CleanPowerSF program as the framework for implementing Enterprise Risk Management (ERM). The SFPUC utilizes this framework to systematically and proactively identify and mitigate risks that threatens its business objectives. Since not all risks are insurable or transferable contractually, the ERM program provides an additional method to manage risks and protect the SFPUC's current and expanding business allowing for increased operational resiliency and the ability to capitalize on opportunities.

(17) Commitments and Litigation

a) Commitments

SFPUC has outstanding commitments with third parties for various capital projects and other purchase agreements for materials and services. As of June 30, 2023 and 2022, the Water Enterprise had outstanding commitments with third parties of \$220,706 and \$322,132, respectively. As of June 30, 2023 and 2022, the Wastewater Enterprise had outstanding commitments with third parties of \$762,085 and \$1,037,607, respectively. As of June 30, 2023 and 2022, Hetch Hetchy had outstanding commitments with third parties of \$136,322 and \$199,283, respectively.

Hetchy Water

To meet certain requirements of the Don Pedro Reservoir operating license, the City entered into an agreement with the Modesto Irrigation District (MID) and Turlock Irrigation District (TID) in which the Districts would be responsible for an increase in water flow releases from the reservoir in exchange for annual payments from the City, which are included in Hetchy Water's operating expenses. The payment amounts were \$5,329 and \$5,129 for fiscal years 2023 and 2022, respectively. The payments are to be made for the duration of the license, but may be terminated with one year's prior written notice after 2001. The City and the Districts have also agreed to monitor the fisheries in the lower Tuolumne River for the duration of the license. A maximum monitoring expense of \$1,400 is to be shared between the City and the Districts over the term of the license. The City's share of the monitoring costs is 52%, while the Districts are responsible for 48% of the costs.

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Hetchy Power

Wholesale Distribution Tariff (WDT) and Key Operating Agreements for Grid Access

Upon expiration of the City's previous Interconnection Agreement with PG&E, the City began taking service in 2015 under the Wholesale Distribution Tariff (WDT) for distribution service and under the CAISO Open-Access Transmission Tariff for transmission service. The FERC-regulated Wholesale Distribution Tariff is implemented by PG&E through the City specific Service Agreements and Interconnection Agreements. The terms of these agreements have been in contention since the effective date. The City continues to negotiate with PG&E and, where necessary, file complaints and protests at FERC. In September 2020, PG&E filed a revised WDT. Under the terms of the new WDT, the City would pay substantially higher rates, at least twice to potentially four times the current charges, and be required to install costly and inefficient equipment not needed for technical, safety or reliability of operations. In addition, Hetchy Power would no longer be allowed to connect to the "network" grid in the center of San Francisco; have new secondary interconnections; and/or serve any small, typically unmetered loads, such as streetlights, Distributed Antenna System (DAS), traffic signal and bus shelters.

Staff prepare regular reporting to the Board of Supervisors outlining on-going disputes with PG&E over project requirements, costs and delays. During fiscal years 2023 and 2022, Hetchy Power purchased distribution services for \$29,008 and \$22,404, respectively, from PG&E under the terms of the Service Agreements and Interconnection Agreements that implement the WDT. The City continues to litigate and dispute these terms at FERC and in the court systems; and pursue the purchase of PG&E's electric grid in San Francisco.

Western System Power Pool and other Market Purchases and Sales

Hetchy Power may purchase or sell energy and other related products (such as ancillary services, spinning reserves, resource adequacy products, and congestion revenue rights) with different market entities through the Western System Power Pool (WSPP) and the CAISO. During fiscal years 2023 and 2022, Hetchy Power purchased \$3,676 and \$4,152 of power and other related products, respectively. Sales of excess power, after meeting Hetchy's obligations, were \$1,157 or 155,000 MWh for 2023 and \$0 for 2022, respectively.

Power Purchase Agreement (PPA)

Hetchy Power (Buyer) purchases energy, capacity, and environmental attributes from a local solar photovoltaic project located at Sunset Reservoir (the facility) pursuant to the 2009 25-year PPA with SFCity1, LP, owned by Duke Energy (Seller). In November 2010, the facility commenced commercial operation and began to provide Hetchy Power energy generated by the facility.

The PPA sets the starting purchase price of generated energy at \$235/MWh, increasing by 3% each year throughout the term of the agreement, and it is expected that the facility will generate 6,560 MWh per year. In fiscal year 2023, the facility generated 6,006 MWh and the rate was at \$334/MWh. In the event that the facility generates more energy than expected due to better than normal meteorological conditions, the PPA requires the Buyer to purchase all the excess energy but generation in excess of 120% of expected is purchased at no cost. The PPA also requires the Seller to generate a minimum amount of energy from the facility annually. If energy production falls below 50% of expected, the Seller must provide replacement power, and if energy falls below 90% of expected, the price for energy generated is lowered. In fiscal years 2023 and 2022, purchases of energy under the Agreement were \$2,037, or 6,006 MWh and \$2,225, or 6,460 MWh, respectively.

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APX, Inc

Hetchy Power and CleanPowerSF participate in the California Independent System Operator (CAISO) energy markets which requires the SFPUC to have a contract with a certified Scheduling Coordinator (SC). In June 2022, CleanPowerSF renewed a 5-year contract with APX, Inc with contract amount not to exceed \$134,743 to fulfill this requirement. APX, Inc provides a number of services including but not limited to an interface with the CAISO's energy scheduling portal, manage invoice payments to the CAISO and communications between the CAISO and the SFPUC, and dispatch of the Hetch Hetchy plant 24 hours a day, seven days a week. The contract also provides that APX, Inc will act as the SC for renewable generation plants under some of CleanPowerSF's Power Purchase Agreements. Hetchy Power's share was \$471 and \$456 as of June 30, 2023 and 2022, respectively. CleanPowerSF's share was \$226 and \$192 as of June 30, 2023 and 2022.

On January 6, 2023, Amendment No. 1 was requested and approved to increase this contract by \$125,000, increasing the total contract to \$259,743, with no change to the agreement duration. On March 17, 2023, Amendment No. 2, was approved to increase the contract by \$636,000 for a total not to exceed contract amount of \$895,743, with no change to the agreement duration. The drivers for these Amendments were higher than anticipated power prices, due to extreme weather, draught conditions, and global energy shortages.

CleanPowerSF

CleanPowerSF regularly adds new short-term and medium-term contracts with multiple counterparties pursuant to master agreements, including the WSPP Master Agreement, to purchase renewable, carbon-free and conventional energy and resource adequacy capacity. CleanPowerSF has also entered into long-term contracts for renewable energy and capacity with renewable energy developers including sPower, Terra-Gen, NextEra, Intersect Power and EDF Renewables. These contracts have been entered to allow CleanPowerSF to meet its existing retail sales obligations, to support future retail sales from anticipated load growth, and to comply with State requirement that 65% of CleanPowerSF's Renewables Portfolio Standard (RPS) compliance targets be fulfilled by RPS-eligible electricity from contracts of 10 or more years. Citywide enrollment was completed in 2020. Since it began serving customers in 2016, CleanPowerSF's cumulative opt-out rate is 4.4% of all enrolled accounts. The total power purchase cost, net of wholesale sales, were \$259,532 and \$238,149 in fiscal years 2023 and 2022, respectively.

CleanPowerSF contracts with Calpine Energy Solutions to provide meter data management, billing, and customer care support. Calpine is responsible for calculating and providing CleanPowerSF charges to PG&E, which in turn bills both CleanPowerSF and PG&E customers for electricity transmission, distribution, and CleanPowerSF generation services. PG&E remits payments received from customers for CleanPowerSF charges to the City. During fiscal years 2023 and 2022, amounts paid were \$4,679 and \$4,730, respectively.

CleanPowerSF Power Purchase Agreement (PPA)

In November 2020, CleanPowerSF executed a Power and Storage Purchase Agreement to purchase solar product and storage product from a solar powered generation facility and battery storage facility located at Livermore pursuant to the 25-year PPA with IP Aramis, LLC (Seller). As of June 30, 2022, CleanPowerSF has cash collateral of \$9,000 for Development Assurance and Performance Assurance from the Seller. The \$9,000 cash collateral was returned to the seller as of June 30, 2023.

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CleanPowerSF Guarantee

In March 2018, CleanPowerSF entered into a five-year, \$75,000 Credit Agreement with JPMorgan Chase Bank, National Association (“Bank”) to provide letters of credit or loans from the Bank to guarantee certain power purchase agreement payment obligations of CleanPowerSF and to meet working capital needs, if necessary. In November 2021 the Credit Agreement was decreased (at the request of CleanPowerSF) the available amount from \$75,000 to \$20,000, and the stated term of the agreement was extended to March 2024. Additional changes to the agreement effected by the November 2021 Amendments include elimination of target reserve requirements, revisions to debt service coverage (allowing for a liquidity test two times in the aggregate for any consecutive four quarters) and rate-setting covenants, changes to ongoing reporting requirements to the Bank, and changes to events of default, including the addition of an event of default if CleanPowerSF’s long-term unenhanced credit rating is downgraded below investment grade or suspended, withdrawn or otherwise unavailable. In May 2022 CleanPowerSF executed another amendment to its Credit Agreement to eliminate and change certain financial covenants contained in the 2018 Credit Agreement. Specifically, this Amendment eliminated the covenant of the Commission to maintain a specified debt service coverage ratio and changed such financial covenant to commit the Commission to maintain a specified level of Day Liquidity on Hand (as defined in the Credit Agreement). The Credit Agreement is secured by CleanPowerSF’s net revenues; there is no pledge of, or lien on net revenues that ranks senior to the obligations under the Credit Agreement. The Bank issued letters of credit in the face amounts totaling \$6,183 and \$5,847 for fiscal years ending June 30, 2023 and 2022, respectively. CleanPowerSF did not draw on the Credit Agreement during fiscal years 2023 and 2022. Accordingly, the uncommitted credit capacity under the Credit Agreement was \$13,817 and \$14,153 during fiscal years 2023 and 2022, respectively.

Original financial covenants include that CleanPowerSF maintain a Debt Service Coverage Ratio as defined in the Credit Agreement of not less than 1.05 for each fiscal quarter, as determined for the four consecutive fiscal quarter periods ended on the last day of such fiscal quarter. As of June 30, 2021, CleanPowerSF was not in compliance with this financial covenant as calculated for the four consecutive fiscal quarters ended on such date, resulting in a covenant event of default under the Credit Agreement. In connection with subsequent amendments to the Credit Agreement, JPMorgan Chase granted a waiver of such event of default for the period ended June 30, 2021. CleanPowerSF was in compliance with other covenants and requirements of the Credit Agreement as of June 30, 2021. CleanPowerSF was in compliance with all covenants and requirements of the Credit Agreement as amended as of June 30, 2023 and 2022.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, requires the disclosure of certain information related to debt, including unused letters of credit. Significant events of default under the Credit Agreement, include 1) non-payment, 2) material breach of warranty, representation, or other non-remedied breach of covenants as specified in the agreement and 3) bankruptcy and insolvency events, which could result in all outstanding loans under the Credit Agreement to be immediately due and payable; or the immediate termination of the Bank’s commitment to issue letters of credit or make loans under the Credit Agreement.

Green Tariff and Community Solar Green Tariff Programs for Disadvantaged Communities

In June 2018, the CPUC established the Disadvantaged Communities-Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) program to address barriers to solar adoption faced by low-income electric customers in neglected communities. The DAC-GT program provides a 20% rate discount on 100% RPS eligible electricity service to income-qualified customers residing in Disadvantaged Communities (DACs) as defined by the California Environmental Protection Agency’s (Cal EPA). Similar to DAC-GT, the CSGT program allows primarily for the DACs to benefit from the development of solar generation projects located in their own or nearby DACs. CSGT projects must also have a local community-based sponsor that supports site selection and

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customer enrollment.

The CPUC approved CleanPowerSF's application to establish DAC-GT and CSGT programs in April 2021 and to receive funds to cover program administration and a portion of electricity supply costs. CleanPowerSF began enrolling customers in the DAC-GT program branded as "SuperGreen Saver" on June 1, 2022. The CSGT program is expected to start serving customers during fiscal year 2026, once CleanPowerSF is able to procure electricity from a CSGT-eligible solar project(s). As of June 30, 2023 and 2022, CleanPowerSF received \$868 and \$1,150, respectively, from a combination of ratepayer funds and California Cap and Trade Auction proceeds.

b) Grants

Grants that the SFPUC received are subject to audit and final acceptance by the granting agency. Current and prior year costs of such grants are subject to adjustment upon audit.

c) Litigation

The SFPUC is a defendant in various legal actions and claims that arise during the normal course of business. The final disposition of these legal actions and claims is not determinable. However, in the opinion of management, the outcome of any litigation of these matters will not have a material effect on the financial position or changes in net position of SFPUC.

d) Environmental Issue

Water

As of June 30, 2023 and 2022, the pollution remediation liability of \$1,271 is related to the Pacific Rod & Gun Club site.

Wastewater

As of June 30, 2023, and 2022, the Wastewater Enterprise recorded \$7,800 and \$8,060 in pollution remediation liability, respectively. The decrease of \$260 in pollution remediation liability in fiscal year 2023 is due to payments of violation penalties of \$240 at the Southeast Plant for the discharge of secondary treated and disinfected wastewater and \$20 at the Oceanside Plant for failure to meet the District permit condition-imposed standards relating to gas released into the atmosphere from digesters. As of June 30, 2023 the pollution remediation liability of \$7,800 was for the Yosemite Creek toxic sediments. In fiscal year 2022, the pollution remediation liability of \$8,060 consisted of \$7,800 for the Yosemite Creek toxic sediments and \$260 aggregate violation fines at the Southeast Plant and Oceanside Plant.

Hetch Hetchy

Hetch Hetchy had no pollution remediation liability as of June 30, 2023 and 2022.

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(18) Subsequent Events

a) Water Revenue Bonds 2023 Series AB Issuances

On July 27, 2023, the SFPUC issued its San Francisco Water Revenue Bonds, 2023 Sub-Series A (Regional and Local Water, Tax-exempt) and Sub-Series B (Hetch Hetchy Water, Tax-exempt) in the aggregate principal amount of \$414,035 to (i) refund principal and interest on Commercial Paper Notes issued to finance and refinance a portion of the design, acquisition and construction of various capital projects of benefit to the SFPUC's Water Enterprise, (ii) finance and refinance a portion of the design, acquisition and construction of various capital projects of benefit to the SFPUC's Water Enterprise, and (iii) fund capitalized interest through May 1, 2025 and other financing costs.

b) Water Revenue Bonds 2023 Series CD Issuances

On August 10, 2023, the SFPUC issued its San Francisco Water Revenue Bonds, 2023 Sub-Series C (Tax-exempt Refunding – WSIP, Green Bonds), and Sub-Series D (Tax-exempt Refunding –Local Water) an aggregate principal amount of \$514,855 to refund all or a portion of various series of the SFPUC's Outstanding Bonds.

c) Power Revenue Bonds 2023 Series A Issuances

On October 2023, the SFPUC issued its San Francisco Power Revenue Bonds, 2023 Series A with a principal of \$123,905 to finance or refinance Power Enterprise projects through the refunding and retirement of commercial paper issued as interim financing for such projects in furtherance of the Power Capital Improvement Program.

d) Water Enterprise Commercial Paper Program

On July 10, 2023, the SFPUC entered into new commercial paper dealer agreements with Bank of America Securities, Inc., J.P. Morgan Securities LLC and Wells Fargo Bank, National Association for the offering and sale, and remarketing from time to time of water commercial paper program notes.

Required Supplementary Information (Unaudited)

Schedules of the Proportionate Share of the Net Pension (Asset)/Liability

Schedules of Employer Contributions – Pension Plan

Schedules of Changes in Total Pension Liability and Related Ratios –
Replacement Benefits Plan

Schedules of Changes in Other Post-employment Benefits Liability and
Related Ratio - Other Post-employment Healthcare Benefits Plan

Schedules of Employer Contributions – Other Post-employment Healthcare
Benefits Plan

Supplementary Information (Proprietary Funds)

Schedule of Changes in Net Position – Dollar and Percentage Change vs.
Prior Year

Schedule of Changes in Revenues, Expenses, and Net Position – Dollar and
Percentage Change vs. Prior Year

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplemental Information (Unaudited)

Schedules of the Proportionate Share of the Net Pension (Asset)/Liability
Fiscal Years Ended 2015 to 2023
(In thousands)

City - San Francisco Employee's Retirement System (SFERS) Plan and Measurement Period (MP)	2015* (MP 2014)	2016** (MP 2015)	2017** (MP 2016)	2018 (MP 2017)	2019** (MP 2018)	2020 (MP 2019)	2021 (MP 2020)	2022 (MP 2021)	2023 (MP 2022)
Proportion of net pension liability	93.78%	93.90%	94.22%	94.07%	94.10%	94.13%	94.39%	94.64%	94.87%
Proportionate share of the net pension (asset)/liability	\$ 1,660,365	2,156,049	5,476,654	4,697,131	4,030,207	4,213,808	5,107,270	(2,446,564)	2,552,996
Covered payroll (City and County only)	\$ 2,398,979	2,529,879	2,681,695	2,880,112	3,045,153	3,186,405	3,378,945	3,434,713	3,553,859
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	69.21%	85.22%	204.22%	163.09%	132.35%	132.24%	151.15%	-71.23%	71.84%
Plan fiduciary net position as a percentage of total pension (asset)/liability	91.84%	89.90%	77.61%	81.78%	85.20%	85.30%	83.10%	107.80%	92.40%
Water									
Proportion of net pension liability	5.08%	5.00%	4.75%	4.45%	4.35%	4.23%	4.21%	4.27%	4.27%
Proportionate share of the net pension (asset)/liability	\$ 84,374	108,024	259,956	209,003	175,429	178,133	215,240	(100,407)	111,743
Covered payroll^	127,364	132,138	134,734	135,361	140,137	142,781	150,170	154,740	159,803
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	66.25%	81.75%	192.94%	154.40%	125.18%	124.76%	143.33%	-64.89%	69.93%
Wastewater									
Proportion of net pension liability	2.27%	2.20%	2.17%	2.15%	2.11%	2.05%	2.03%	1.99%	1.99%
Proportionate share of the net pension (asset)/liability	\$ 37,615	48,177	118,907	100,973	85,037	86,235	103,746	(48,770)	49,549
Covered payroll^	56,913	58,141	61,552	65,399	67,975	69,197	72,410	72,116	74,475
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	66.09%	82.86%	193.18%	154.40%	125.10%	124.62%	143.28%	-67.63%	66.53%
Hetchy Water									
Proportion of net pension liability	0.56%	0.57%	0.57%	0.54%	0.50%	0.51%	0.52%	0.57%	0.55%
Proportionate share of the net pension (asset)/liability	\$ 9,242	12,093	31,235	25,216	20,390	21,477	26,645	(13,912)	14,105
Covered payroll^	14,040	15,064	16,168	16,426	16,108	17,215	18,548	20,656	20,584
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	65.83%	80.28%	193.19%	153.51%	126.59%	124.76%	143.65%	-67.35%	68.53%
Hetchy Power									
Proportion of net pension liability	0.68%	0.69%	0.70%	0.65%	0.62%	0.62%	0.64%	0.69%	0.68%
Proportionate share of the net pension (asset)/liability	\$ 11,295	14,781	38,177	30,819	24,920	26,249	32,566	(17,004)	17,239
Covered payroll	17,049	18,235	19,855	19,772	19,974	20,928	22,829	25,005	25,449
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	66.25%	81.06%	192.27%	155.87%	124.76%	125.43%	142.65%	-68.00%	67.74%
CleanPowerSF									
Proportion of net pension liability				0.02%	0.03%	0.04%	0.06%	0.07%	0.08%
Proportionate share of the net pension (asset)/liability	\$			1,087	1,070	1,805	3,008	(1,833)	2,124
Covered payroll^				608	966	1,350	2,140	2,537	2,994
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll				178.68%	110.71%	133.69%	140.55%	-72.26%	70.94%
SFPUC Total									
Proportion of net pension liability	8.59%	8.46%	8.19%	7.81%	7.61%	7.45%	7.46%	7.59%	7.57%
Proportionate share of the net pension (asset)/liability	\$ 142,526	183,075	448,275	367,098	306,846	313,899	381,205	(181,926)	194,760
Covered payroll^	215,365	223,577	232,309	237,566	245,159	251,471	266,098	275,054	283,304
Proportionate share of the net pension (asset)/liability as a percentage of covered payroll	66.18%	81.88%	192.96%	154.52%	125.16%	124.83%	143.26%	-66.14%	68.75%

*Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Therefore nine years data shown. RSI will be provided for 10 years as it becomes available.

**Changes of Assumptions - For the measurement period ended June 30, 2022, the discount rate was decreased from 7.40% to 7.20%. There are no changes in the discount rate for the measurement period ended June 30, 2021 and 2020. For the measurement period ended June 30, 2019, the discount rate was decreased from 7.50% to 7.40%. There were no changes in the discount rate for the measurement pension ended June 30, 2018. For the measurement period ended June 30, 2017, the discount rate was increased from 7.46% to 7.50%

^Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is calculated based on the percentage of proportion of net pension (asset)/liability by the Total covered payroll from SFERS (<http://www.mysfers.org>). The total covered payroll for SFERS includes the City, San Francisco Unified School District, San Francisco Community College District, and the San Francisco Courts.

Source: Office of the Controller, City and County of San Francisco and San Francisco Employees' Retirement System (SFERS)

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplemental Information (Unaudited)
Schedules of Employer Contributions - Pension Plan
Fiscal Years Ended 2015 to 2023
(In thousands)

City - SFERS Plan and Measurement Period (MP)	2015* (MP 2015)	2016 (MP 2016)	2017 (MP 2017)	2018 (MP 2018)	2019 (MP 2019)	2020 (MP 2020)	2021 (MP 2021)	2022 (MP 2022)	2023 (MP 2023)
Actuarially determined contributions ^{1**}	\$ 556,511	496,343	519,073	582,568	607,408	701,307	791,736	729,578	638,003
Contributions in relations to the actuarially determined contributions ¹	(556,511)	(496,343)	(519,073)	(582,568)	(607,408)	(701,307)	(791,736)	(729,578)	(638,003)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
Covered payroll	\$ 2,529,879	2,681,695	2,880,112	3,045,153	3,186,405	3,378,945	3,434,713	3,553,859	3,810,429
Contributions as a percentage of covered payroll	22.00%	18.51%	18.02%	19.13%	19.06%	20.76%	23.05%	20.53%	16.74%
Water									
Actuarially determined contributions ¹	\$ 28,280	24,497	24,638	25,922	26,440	29,647	33,367	31,151	27,925
Contributions in relations to the actuarially determined contributions ¹	(28,280)	(24,497)	(24,638)	(25,922)	(26,440)	(29,647)	(33,367)	(31,151)	(27,925)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
Covered payroll ^A	\$ 132,138	134,734	135,361	140,137	142,781	150,170	154,740	159,803	170,549
Contributions as a percentage of covered payroll	21.40%	18.18%	18.20%	18.50%	18.52%	19.74%	21.56%	19.49%	16.37%
Wastewater									
Actuarially determined contributions ¹	\$ 12,608	10,930	11,270	12,523	12,816	14,352	16,083	14,543	12,383
Contributions in relations to the actuarially determined contributions ¹	(12,608)	(10,930)	(11,270)	(12,523)	(12,816)	(14,352)	(16,083)	(14,543)	(12,383)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
Covered payroll ^A	\$ 58,141	61,552	65,399	67,975	69,197	72,410	72,116	74,475	79,483
Contributions as a percentage of covered payroll	21.69%	17.76%	17.23%	18.42%	18.52%	19.82%	22.30%	19.53%	15.58%
Hetchy Water									
Actuarially determined contributions ¹	\$ 3,097	2,806	2,961	3,128	3,073	3,574	4,130	4,149	3,525
Contributions in relations to the actuarially determined contributions ¹	(3,097)	(2,806)	(2,961)	(3,128)	(3,073)	(3,574)	(4,130)	(4,149)	(3,525)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
Covered payroll ^A	\$ 15,064	16,168	16,426	16,108	17,215	18,548	20,656	20,584	21,968
Contributions as a percentage of covered payroll	20.56%	17.36%	18.03%	19.42%	17.85%	19.27%	19.99%	20.16%	16.05%
Hetchy Power									
Actuarially determined contributions ¹	\$ 3,786	3,430	3,618	3,822	3,756	4,369	5,048	5,071	4,308
Contributions in relations to the actuarially determined contributions ¹	(3,786)	(3,430)	(3,618)	(3,822)	(3,756)	(4,369)	(5,048)	(5,071)	(4,308)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
Covered payroll ^A	\$ 18,235	19,855	19,772	19,974	20,928	22,829	25,005	25,449	27,160
Contributions as a percentage of covered payroll	20.76%	17.27%	18.30%	19.14%	17.95%	19.14%	20.19%	19.93%	15.86%
CleanPowerSF									
Actuarially determined contributions ¹	\$	Data not available - CleanPowerSF launched in May 2016.	135	161	300	466	546	546	531
Contributions in relations to the actuarially determined contributions ¹	\$	Data not available - CleanPowerSF launched in May 2016.	(135)	(161)	(300)	(466)	(546)	(546)	(531)
Contribution deficiency (excess)	\$	Data not available - CleanPowerSF launched in May 2016.	—	—	—	—	—	—	—
Covered payroll ^A	\$	Data not available - CleanPowerSF launched in May 2016.	966	1,350	2,140	2,537	2,994	2,994	3,195
Contributions as a percentage of covered payroll	\$	Data not available - CleanPowerSF launched in May 2016.	13.97%	11.92%	14.02%	18.37%	18.24%	18.24%	16.62%
SFPUC Total									
Actuarially determined contributions ¹	\$ 47,771	41,663	42,487	45,530	46,246	52,242	59,094	55,460	48,672
Contributions in relations to the actuarially determined contributions ¹	(47,771)	(41,663)	(42,487)	(45,530)	(46,246)	(52,242)	(59,094)	(55,460)	(48,672)
Contribution deficiency (excess)	\$ —	—	—	—	—	—	—	—	—
Covered payroll ^A	\$ 223,577	232,309	236,958	245,159	251,471	266,098	275,054	283,304	302,355
Contributions as a percentage of covered payroll	21.37%	17.93%	17.93%	18.57%	18.39%	19.63%	21.48%	19.58%	16.10%

(continued)

¹Contractually required contributions is an actuarially contribution for all cost-sharing plans.

*Fiscal year 2015 was the first year of implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Therefore nine years data shown. RSI will be provided for 10 years as it becomes available.

** In fiscal year 2015, the actuarially determined contributions were based on an estimated. Due to the early implementation of GASB Statement No. 82, *Pension Issues*, the City decreased the actuarially determined contributions for the City SFERS plan to deduct the employer pickup in the amount of \$8.6 million. (City and County only.)

^AWater, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is calculated based on the latest available measurement period percentage of proportion of net pension (asset)/liability by the Total covered payroll from SFERS (<http://www.mysfers.org>). The total covered payroll for SFERS includes the City, San Francisco Unified School District, San Francisco Community College District and the San Francisco Courts. Fiscal year 2023 is an estimated percentage of proportion of net pension liability based on measuring period 2022. Fiscal year 2021 and 2022 payroll data updated.

Source: Office of the Controller, City and County of San Francisco and San Francisco Employees' Retirement System (SFERS)

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Employer Contributions - Pension Plan
Fiscal Years Ended 2015 to 2023

Methods and assumptions used to determine contribution rates to SFERS Plan

	<u>Fiscal Year 2023</u>		<u>Fiscal Year 2021</u>
Valuation date.....	July 1, 2020		July 1, 2018
Actuarial cost method.....	Entry-age normal cost method		Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll		Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period		Closed 15-year period
Asset valuation method.....	5 year smoothed market		5 year smoothed market
Investment rate of return.....	7.40% (net of investment expenses)		7.40% (net of investment expenses)
Inflation.....	2.50%		3.00% compounded annually
Projected salary increase.....	Wage inflation component: 3.25%		Wage inflation component: 3.50%
	<u>Fiscal Year 2022</u>		<u>Fiscal Year 2020</u>
Valuation date.....	July 1, 2019		July 1, 2016
Actuarial cost method.....	Entry-age normal cost method		Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll		Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period		Closed 15-year period
Asset valuation method.....	5 year smoothed market		5 year smoothed market
Investment rate of return.....	7.40% (net of investment expenses)		7.50% (net of investment expenses)
Inflation.....	2.75%		3.00% compounded annually
Projected salary increase.....	Wage inflation component: 3.50%		Wage inflation component: 3.50%
	<u>Fiscal Year 2020</u>		<u>Fiscal Year 2019</u>
Valuation date.....	July 1, 2017		July 1, 2016
Actuarial cost method.....	Entry-age normal cost method		Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll		Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period		Closed 15-year period
Asset valuation method.....	5 year smoothed market		5 year smoothed market
Investment rate of return.....	7.50% (net of investment expenses)		7.50% (net of investment expenses)
Inflation.....	3.00% compounded annually		3.25% compounded annually
Projected salary increase.....	Wage inflation component: 3.50%		Wage inflation component: 3.75%
	<u>Fiscal Year 2018</u>		<u>Fiscal Year 2017</u>
Valuation date.....	July 1, 2015		July 1, 2014
Actuarial cost method.....	Entry-age normal cost method		Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll		Level annual percentage of payroll
Remaining amortization period.....	Closed 15-year period		Closed 15-year period
Asset valuation method.....	5 year smoothed market		5 year smoothed market
Investment rate of return.....	7.50% (net of investment expenses)		7.50% (net of investment expenses)
Inflation.....	3.25% compounded annually		3.25% compounded annually
Projected salary increase.....	Wage inflation component: 3.75%		Wage inflation component: 3.75%
	<u>Fiscal Year 2016</u>		<u>Fiscal Year 2015</u>
Valuation date.....	July 1, 2013		July 1, 2012
Actuarial cost method.....	Entry-age normal cost method		Entry-age normal cost method
Amortization method.....	Level annual percentage of payroll		Level annual percentage of payroll
Remaining amortization period.....	Rolling 15-year period		Rolling 15-year period
Asset valuation method.....	5 year smoothed market		5 year smoothed market
Investment rate of return.....	7.58% (net of investment expenses)		7.58% (net of investment expenses)
Inflation.....	3.33% compounded annually		3.33% compounded annually
Projected salary increase.....	Wage inflation component: 3.83%		Wage inflation component: 3.83%

Methods and assumptions updated per Office of the Controller.

Source: Office of the Controller, City and County of San Francisco.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Changes in Total Pension Liability and Related Ratios - Replacement Benefits Plan
Fiscal Years 2021 to 2023
(In thousands)

	2021*	2022	2023
	<u>(MP 2020)</u>	<u>(MP 2021)</u>	<u>(MP 2022)</u>
City Replacement Benefits Plan			
Plan total pension liability:			
Service Cost.....	\$ 1,976	2,571	2,894
Interest.....	4,776	4,076	4,726
Changes of benefits.....	—	—	—
Differences between expected and actual experience.....	7,800	24,547	(24,639)
Changes of assumptions.....	37,013	7,274	(42,151)
Benefit payments.....	<u>(3,634)</u>	<u>(4,097)</u>	<u>(4,473)</u>
Net change in total pension liability.....	47,931	34,371	(63,643)
Total pension liability, beginning.....	<u>137,272</u>	<u>185,203</u>	<u>219,574</u>
Plan total pension liability, ending.....	\$ <u>185,203</u>	<u>219,574</u>	<u>155,931</u>
Covered-employee payroll.....	\$ 3,414,923	3,470,495	3,589,396
Plan total pension liability as a percentage of the covered-employee payroll.....	\$ 5.42%	6.33%	4.34%
Water Enterprise			
Plan total pension liability:			
Service Cost.....	\$ 13	47	67
Interest.....	30	75	109
Changes of benefits.....	—	—	—
Differences between expected and actual experience.....	50	453	(569)
Changes of assumptions.....	235	134	(974)
Benefit payments.....	<u>(23)</u>	<u>(76)</u>	<u>(103)</u>
Net change in total pension liability.....	305	635	(1,470)
Total pension liability, beginning.....	—	1,177	4,056
Adjustments to pension.....	872	2,244	1,014
Plan total pension liability, ending.....	\$ <u>1,177</u>	<u>4,056</u>	<u>3,600</u>
Covered-employee payroll.....	\$ 21,695	64,104	82,915
Plan total pension liability as a percentage of the covered-employee payroll.....	\$ 0.03%	0.12%	0.10%
Water Enterprise's allocation of the City's proportionate share:	0.64%	1.85%	2.31%

*Fiscal year 2021 was the first year SFPUC Water Enterprise have Replacement Benefits Plan. Therefore, three years data is shown. RSI will be provided for 10 years as it becomes available.

No assets are accumulated in a trust that meet the criteria in GASB Statement No. 73 to pay related benefits.

Source: Office of the Controller, City and County of San Francisco.

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Changes in Other Post-employment Benefits Liability and Related Ratios
Other Post-employment Healthcare Benefits Plan
Fiscal Years Ended 2018 to 2023
(In thousands)

City Plan and Measurement Period (MP)	2018*	2019	2020	2021	2022	2023
	(MP 2017)	(MP 2018)	(MP 2019)	(MP 2020)	(MP 2021)	(MP 2022)
Total Other Postemployment Benefits (OPEB) Liability						
Service Cost	\$ 125,195	127,850	133,736	141,642	155,840	154,800
Interest (includes interest on service cost)	272,942	290,029	283,520	314,907	300,122	306,758
Differences between expected and actual experience	—	(385,732)	194,068	(381,922)	(151,947)	(224,065)
Changes of assumptions	—	111,119	—	151,725	—	49,784
Benefits payments, including refunds of member contributions	(165,470)	(178,019)	(185,839)	(196,445)	(206,439)	(211,025)
Net change in total OPEB liability	232,667	(34,753)	425,485	29,907	97,576	76,252
Total OPEB liability - beginning	3,659,019	3,891,686	3,856,933	4,282,418	4,312,323	4,409,899
Adjustments to OPEB	—	—	—	(2)	—	—
Total OPEB liability - ending	<u>\$ 3,891,686</u>	<u>3,856,933</u>	<u>4,282,418</u>	<u>4,312,323</u>	<u>4,409,899</u>	<u>4,486,151</u>
Plan fiduciary net position						
Contributions - employer	\$ 183,898	203,858	218,625	235,963	245,994	252,866
Contributions - member	31,686	41,682	51,024	60,236	61,582	66,455
Net investment income	17,368	14,105	26,959	22,746	128,916	(87,003)
Benefit payments, including refunds of member contributions	(165,470)	(178,019)	(185,839)	(196,445)	(206,439)	(211,025)
Administrative expense	(109)	(137)	(132)	(113)	(265)	(189)
Net change in plan fiduciary net position	67,373	81,489	110,637	122,387	229,788	21,104
Plan fiduciary net position - beginning	107,104	174,477	255,966	366,603	488,989	718,777
Adjustments to OPEB	—	—	—	(1)	—	—
Plan fiduciary net position - ending	174,477	255,966	366,603	488,989	718,777	739,881
Net OPEB liability - ending	<u>\$ 3,717,209</u>	<u>3,600,967</u>	<u>3,915,815</u>	<u>3,823,334</u>	<u>3,691,122</u>	<u>3,746,270</u>
Plan fiduciary net position as a percentage of the total OPEB liability						
	4.48%	6.64%	8.56%	11.34%	16.30%	16.49%
Covered payroll	\$ 3,393,658	3,583,448	3,763,446	3,951,792	3,955,498	4,184,087
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%
Water						
Proportion of net OPEB liability	\$ 166,336	150,771	163,684	148,771	144,115	148,601
Percentage of proportion of net OPEB liability	4.47%	4.19%	4.18%	3.89%	3.90%	3.97%
Covered payroll	151,858	150,037	157,315	153,769	154,437	165,968
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%
Wastewater						
Proportion of net OPEB liability	\$ 59,517	53,567	58,183	50,711	49,123	49,035
Percentage of proportion of net OPEB liability	1.60%	1.49%	1.49%	1.33%	1.33%	1.31%
Covered payroll	54,337	53,306	55,919	52,415	52,641	54,766
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%
Hetchy Water						
Proportion of net OPEB liability	\$ 15,872	15,404	16,350	14,444	14,240	14,907
Percentage of proportion of net OPEB liability	0.43%	0.43%	0.42%	0.38%	0.39%	0.40%
Covered payroll	14,490	15,329	15,714	14,929	15,260	16,649
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%
Hetchy Power						
Proportion of net OPEB liability	\$ 19,400	18,826	19,983	17,653	17,405	18,220
Percentage of proportion of net OPEB liability	0.52%	0.52%	0.51%	0.46%	0.47%	0.49%
Covered payroll	17,711	18,734	19,205	18,246	18,652	20,349
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%
CleanPowerSF						
Proportion of net OPEB liability	\$ 728	1,242	2,197	2,909	2,264	4,053
Percentage of proportion of net OPEB liability	0.02%	0.03%	0.06%	0.08%	0.06%	0.11%
Covered payroll	665	1,236	2,112	3,007	2,426	4,527
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%
SFPUC Total						
Proportion of net OPEB liability	\$ 261,853	239,810	260,397	234,488	227,147	234,816
Percentage of proportion of net OPEB liability	7.04%	6.66%	6.66%	6.14%	6.15%	6.27%
Covered payroll	239,061	238,643	250,265	242,366	243,416	262,258
Net OPEB liability as a percentage of covered payroll	109.53%	100.49%	104.05%	96.75%	93.32%	89.54%

(continued)

*Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Therefore six years data is shown. RSI will be provided for 10 years as it becomes available.

^ Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is based on the percentage of proportion of net OPEB liability to the City's covered payroll.

Source: Office of the Controller, City and County of San Francisco.

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Required Supplementary Information (Unaudited)
Schedules of Employer Contributions - Other Post-employment Healthcare Benefits Plan
Fiscal Years Ended 2018 to 2023
(In thousands)

City - City Plan and Measurement Period	2018*	2019	2020	2021	2022**	2023
	(MP 2018)	(MP 2019)	(MP 2020)	(MP 2021)	(MP 2022)	(MP 2023)
Charter Required or Actuarially determined contributions (ADC)	\$ 203,858	218,625	235,963	245,992	252,866	260,649
Contributions in relations to charter required contribution or ADC	(203,858)	(218,625)	(235,963)	(245,992)	(252,866)	(260,649)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll	\$ 3,583,448	3,763,446	3,951,792	3,955,498	4,184,087	4,600,228
Contributions as a percentage of covered payroll	5.69%	5.81%	5.97%	6.22%	6.04%	5.67%
Water						
Charter Required or Actuarially determined contributions (ADC)	\$ 9,122	9,154	9,863	9,572	9,873	10,339
Contributions in relations to charter required contribution or ADC	(9,122)	(9,154)	(9,863)	(9,572)	(9,873)	(10,339)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 150,037	157,315	153,769	154,437	165,968	182,474
Contributions as a percentage of covered payroll	6.08%	5.82%	6.41%	6.20%	5.95%	5.67%
Wastewater						
Charter Required or Actuarially determined contributions (ADC)	\$ 3,264	3,252	3,506	3,263	3,365	3,412
Contributions in relations to charter required contribution or ADC	(3,264)	(3,252)	(3,506)	(3,263)	(3,365)	(3,412)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 53,306	55,919	52,415	52,641	54,766	60,212
Contributions as a percentage of covered payroll	6.12%	5.82%	6.69%	6.20%	6.14%	5.67%
Hetchy Water						
Charter Required or Actuarially determined contributions (ADC)	\$ 870	935	985	929	975	1,038
Contributions in relations to charter required contribution or ADC	(870)	(935)	(985)	(929)	(975)	(1,038)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 15,329	15,714	14,929	15,260	16,649	18,305
Contributions as a percentage of covered payroll	5.68%	5.95%	6.60%	6.09%	5.86%	5.67%
Hetchy Power						
Charter Required or Actuarially determined contributions (ADC)	\$ 1,064	1,143	1,204	1,136	1,192	1,268
Contributions in relations to charter required contribution or ADC	(1,064)	(1,143)	(1,204)	(1,136)	(1,192)	(1,268)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 18,734	19,205	18,246	18,652	20,349	22,373
Contributions as a percentage of covered payroll	5.68%	5.95%	6.60%	6.09%	5.86%	5.67%
CleanPowerSF						
Charter Required or Actuarially determined contributions (ADC)	\$ 40	75	132	187	155	282
Contributions in relations to charter required contribution or ADC	(40)	(75)	(132)	(187)	(155)	(282)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	1,236	2,112	3,007	2,426	4,527	4,977
Contributions as a percentage of covered payroll	3.24%	3.55%	4.39%	7.71%	3.42%	5.67%
SFPUC Total						
Charter Required or Actuarially determined contributions (ADC)	\$ 14,360	14,559	15,690	15,087	15,560	16,339
Contributions in relations to charter required contribution or ADC	(14,360)	(14,559)	(15,690)	(15,087)	(15,560)	(16,339)
Contribution deficiency (excess)	\$ —	—	—	—	—	—
Covered payroll [^]	\$ 238,642	250,265	242,366	243,416	262,258	288,342
Contributions as a percentage of covered payroll	6.02%	5.82%	6.47%	6.20%	5.93%	5.67%

*Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. Therefore six years data is shown. RSI will be provided for 10 years as it becomes available.

**Fiscal year 2022 covered payroll data and percentage updated in fiscal year 2023.

[^] Water, Wastewater, Hetchy Water, Hetchy Power, CleanPowerSF and SFPUC covered payroll is calculated based on the percentage of proportion of net OPEB liability by the Total covered payroll. For fiscal year 2023, the percentage of proportion of net OPEB liability is based on FY2022.

Source: Office of the Controller, City and County of San Francisco.

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year
Proprietary Funds
June 30, 2023 and 2022
(In thousands)

Assets	Business Type Activities – Proprietary Funds													
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		SFPUC Total	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Current assets:														
Cash and investments with City Treasury.....\$	(58,069)	(12.6)	70,741	24.8	(17,217)	(18.3)	34,593	18.2	42,423	75.4	—	—	72,471	6.7
Cash and investments outside City Treasury.....	(126)	(39.6)	(224)	(56.4)	(1)	(100.0)	138	862.5	—	—	—	—	(213)	(29.1)
Receivables:														
Charges for services (net of allowance for doubtful accounts of \$8,615, \$10,060, \$0, \$3,923, and \$7,923 in 2023 and \$3,915, \$4,273, \$0, \$1,297, and \$6,330 in 2022).....	2,203	3.6	(228)	(0.6)	(70)	(14.7)	2,088	20.5	(7,078)	(14.5)	—	—	(3,085)	(1.9)
Wholesale balancing account, current portion.....	5,571	100.0	—	—	—	—	—	—	—	—	—	—	5,571	100.0
Due from other City departments, current portion.....	(63)	(35.4)	(97)	(43.1)	—	—	267	30.8	—	—	(2)	(1.8)	105	9.1
Due from other governments.....	—	—	(25)	(100.0)	1,211	236.5	348	116.8	—	—	—	—	1,534	183.7
Interest.....	2,222	556.9	1,864	593.6	255	637.5	1,302	647.8	498	816.4	—	—	6,141	605.0
Interest-Leases.....	27	3.1	—	—	—	—	—	—	—	—	—	—	27	3.1
Restricted due from other governments.....	28,594	378.6	(188,853)	(93.1)	—	—	—	—	—	—	—	—	(160,259)	(76.2)
Leases receivable, current portion.....	196	5.9	212	100.0	—	—	—	—	—	—	—	—	408	12.3
Restricted interest and other receivable (net of allowance for doubtful accounts of \$30, \$99, \$0, \$0 and \$0 in 2023 and \$146, \$385, \$0, \$0 and \$0 in 2022).....	(632)	(15.3)	(1,110)	(48.2)	—	—	(152)	(3.5)	—	—	—	—	(1,894)	(17.6)
Total current receivables.....	38,118	48.7	(188,237)	(76.5)	1,396	135.9	3,853	24.3	(6,580)	(13.5)	(2)	(1.8)	(151,452)	(38.9)
Prepaid charges, advances, and other receivables, current portion.....	(6,271)	(51.5)	224	64.7	(124)	(57.4)	(332)	(17.4)	(4,909)	(46.5)	—	—	(11,412)	(45.3)
Inventory.....	1,389	20.4	382	12.9	22	11.1	(59)	(3.5)	—	—	—	—	1,734	14.9
Restricted cash and investments outside City Treasury, current portion.....	(200)	(1.8)	33,130	212.5	—	—	143	2.7	—	—	—	—	33,073	103.7
Total current assets.....	(25,159)	(4.4)	(83,984)	(15.3)	(15,924)	(16.7)	38,336	17.9	30,934	26.8	(2)	(1.8)	(55,799)	(3.6)
Non-current assets:														
Restricted Net pension asset.....	(100,407)	(100.0)	(48,770)	(100.0)	(13,912)	100.0	(17,004)	(100.0)	(1,833)	(100.0)	—	—	(181,926)	(100.0)
Restricted cash and investments with City Treasury.....	11,701	125.8	38,574	100.0	10,980	100.0	17,606	100.0	—	—	—	—	78,861	848.1
Restricted cash and investments outside City Treasury, less current portion.....	1,588	2.4	42,668	179.5	—	—	(4,984)	(56.5)	—	—	—	—	39,272	40.3
Leases receivable, less current portion.....	(2,731)	(6.4)	1,245	100.0	—	—	—	—	—	—	—	—	(1,486)	(3.5)
Restricted interest and other receivable, and prepaid (net of allowance for doubtful accounts of \$8, \$29, \$0, \$0, and \$0 in 2023 and \$8, \$29, \$0, \$0, and \$0 in 2022).....	—	—	(17)	(3.9)	—	—	—	—	—	—	—	—	(17)	(3.9)
Charges for services, less current portion (net of allowance for doubtful accounts of \$656, \$566, \$0, \$0, and \$0 in 2023 and \$656, \$567, \$0, \$0, and \$0 in 2022).....	2	1.0	—	—	—	—	—	—	—	—	—	—	2	0.4
Wholesale balancing account, less current portion.....	4,481	100.0	—	—	—	—	—	—	—	—	—	—	4,481	100.0
Note receivable - Balboa Reservoir, less current portion.....	11,007	100.0	—	—	—	—	—	—	—	—	—	—	11,007	100.0
Prepaid charges, advances, and other receivables, less current portion.....	(354)	(9.4)	(41)	(3.5)	(5)	(3.4)	150	1.6	(812)	(6.6)	—	—	(1,062)	(4.0)
Right-to-use Lease assets, net of accumulated amortization.....	1,131	40.2	(2,325)	(64.6)	84	137.7	105	143.8	(230)	(100.0)	—	—	(1,235)	(18.2)
Right-to-use Subscription asset, net of accumulated amortization.....	(882)	(55.9)	(535)	(55.9)	(177)	(56.4)	(142)	(55.5)	(41)	(57.7)	—	—	(1,777)	(56.0)
Capital assets, not being depreciated and amortized.....	82,621	14.8	508,546	28.7	18,312	31.9	35,628	13.4	—	—	—	—	645,107	24.3
Capital assets, net of accumulated depreciation and amortization.....	(51,901)	(1.0)	129,655	5.7	435	0.3	25,682	8.0	—	—	—	—	103,871	1.3
Due from other City departments, less current portion.....	—	—	—	—	—	—	(585)	(5.3)	—	—	113	21.8	(472)	(4.5)
Total non-current assets.....	(43,744)	(0.7)	669,000	16.2	15,717	7.3	56,456	8.9	(2,916)	(20.3)	113	21.8	694,626	6.4
Total assets.....	(68,903)	(1.1)	585,016	12.5	(207)	(0.1)	94,792	11.2	28,018	21.6	111	17.6	638,827	5.2
Deferred outflows of resources														
Unamortized loss on refunding of debt.....	(14,846)	(10.6)	(25)	(75.8)	—	—	—	—	—	—	—	—	(14,871)	(10.7)
Pensions.....	17,249	32.6	7,223	28.5	2,162	32.3	2,643	32.3	440	51.6	—	—	29,717	31.6
Other post-employment benefits.....	(3,829)	(11.8)	(1,405)	(10.9)	(24)	(0.7)	(30)	(0.8)	211	26.4	—	—	(5,077)	(9.5)
Total deferred outflows of resources.....\$	(1,426)	(0.6)	5,793	15.1	2,138	21.4	2,613	21.4	651	39.5	—	—	9,769	3.4

(continued)

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION
Schedule of Changes in Net Position – Dollar and Percentage Change vs. Prior Year
Proprietary Funds
June 30, 2023 and 2022
(In thousands)

	Business Type Activities – Proprietary Funds													
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		Eliminations		SFPUC Total	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Liabilities														
Current liabilities:														
Accounts payable.....	\$ (181)	(0.8)	619	2.7	(7,421)	(87.8)	8,302	49.8	818	3.5	—	—	2,137	2.3
Accrued payroll.....	1,312	12.5	1,229	19.2	154	14.0	357	13.3	170	45.6	—	—	3,222	15.3
Accrued vacation and sick leave, current portion.....	169	2.5	561	10.2	98	9.5	120	6.9	115	41.2	—	—	1,063	6.9
Accrued workers' compensation, current portion.....	214	12.6	116	8.3	1	0.5	1	0.3	—	—	—	—	332	9.0
Due to other City departments, current portion.....	2,440	—	2,104	1,895.5	—	—	1,566	412.1	—	—	(2)	(1.8)	6,108	1,607.4
Damage claims liability, current portion.....	934	9.2	(7,673)	(82.3)	72	31.6	92	25.7	1	6.7	—	—	(6,574)	(32.7)
Unearned revenues, refunds, and other, current portion.....	(5,160)	(27.0)	320	5.2	86	358.3	(43)	(0.7)	1,950	46.5	—	—	(2,847)	(8.0)
Bond, loan, lease and subscription interest payable.....	(351)	(1.0)	6,450	30.0	(1)	(33.3)	268	20.2	(1)	(100.0)	—	—	6,365	10.9
Bonds, current portion.....	9,810	7.8	(6,275)	(18.3)	—	—	(376)	(19.1)	—	—	—	—	3,159	2.0
Certificates of participation, current portion.....	129	4.1	34	4.1	—	—	18	4.2	—	—	—	—	181	4.1
Commercial paper, current portion.....	(206,297)	(100.0)	(379,157)	(100.0)	—	—	(40,019)	(100.0)	—	—	—	—	(625,473)	(100.0)
State revolving funds loans payable, current portion.....	(3,283)	(100.0)	45	1.8	—	—	—	—	—	—	—	—	(3,238)	(56.2)
Lease liability, current portion.....	181	18.0	(1,044)	(44.6)	13	433.3	16	533.3	(232)	(100.0)	—	—	(1,066)	(29.7)
Subscription liability, current portion.....	(448)	(52.8)	(272)	(52.8)	(90)	(52.9)	(72)	(52.6)	(21)	(53.8)	—	—	(903)	(52.8)
Wholesale balancing account, current portion.....	(48,422)	(100.0)	—	—	—	—	—	—	—	—	—	—	(48,422)	(100.0)
Current liabilities payable from restricted assets.....	15,510	61.2	32,920	36.6	(577)	(9.1)	4,060	21.3	—	—	—	—	51,913	36.9
Total current liabilities.....	(233,443)	(44.9)	(350,023)	(60.1)	(7,665)	(43.7)	(25,710)	(28.2)	2,800	9.8	(2)	(1.8)	(614,043)	(49.5)
Long-term liabilities:														
Arbitrage rebate payable.....	—	—	188	100.0	—	—	—	—	—	—	—	—	188	100.0
Other post-employment benefits obligations.....	4,486	3.1	(88)	(0.2)	667	4.7	815	4.7	1,789	79.0	—	—	7,669	3.4
Net pension liability.....	115,343	100.0	49,549	100.0	14,105	100.0	17,239	100.0	2,124	100.0	—	—	198,360	100.0
Accrued vacation and sick leave, less current portion.....	(313)	(4.6)	200	3.7	(1)	(0.1)	(1)	(0.1)	82	30.7	—	—	(33)	(0.2)
Accrued workers' compensation, less current portion.....	548	7.5	336	5.5	(10)	(1.0)	(13)	(0.7)	—	—	—	—	861	5.3
Due to other City departments, less current portion.....	—	—	(113)	(21.8)	—	—	—	—	—	—	113	21.8	—	—
Damage claims liability, less current portion.....	(17,378)	(67.2)	(22)	(0.8)	1	0.3	5,035	757.1	1	5.9	—	—	(12,363)	(41.7)
Unearned revenues, refunds, and other, less current portion.....	—	—	—	—	(110)	(100.0)	(224)	(27.9)	(9,000)	(100.0)	—	—	(9,334)	(94.1)
Bonds, less current portion.....	(159,899)	(3.4)	811,932	42.8	—	—	(3,178)	(1.7)	—	—	—	—	648,855	9.5
Revenue Notes, less current portion.....	—	—	(800)	(0.2)	—	—	—	—	—	—	—	—	(800)	(0.2)
Certificates of participation, less current portion.....	(3,267)	(3.5)	(864)	(3.5)	—	—	(445)	(3.5)	—	—	—	—	(4,576)	(3.5)
Commercial paper, less current portion.....	371,459	100.0	—	—	—	—	116,352	100.0	—	—	—	—	487,811	100.0
State revolving funds loans payable, less current portion.....	45,149	38.1	15,985	5.3	—	—	—	—	—	—	—	—	61,134	14.6
Water Infrastructure Finance and Innovation Act (WIFIA) loans	—	—	122,357	100.0	—	—	—	—	—	—	—	—	122,357	100.0
Lease liability, less current portion.....	966	52.1	(1,297)	(100.0)	63	106.8	78	108.3	—	—	—	—	(190)	(5.8)
Subscription liability, less current portion.....	(400)	(56.5)	(243)	(56.6)	(80)	(57.6)	(65)	(56.0)	(18)	(58.1)	—	—	(806)	(56.6)
Wholesale balancing account, less current portion.....	(30,728)	(100.0)	—	—	—	—	—	—	—	—	—	—	(30,728)	(100.0)
Pollution remediation obligations.....	—	—	(260)	(3.2)	—	—	—	—	—	—	—	—	(260)	(2.8)
Total long-term liabilities.....	325,966	6.3	996,860	37.7	14,635	85.6	135,593	59.5	(5,022)	(43.4)	113	21.8	1,468,145	18.2
Total liabilities.....	92,523	1.6	646,837	20.0	6,970	20.1	109,883	34.4	(2,222)	(5.5)	111	17.6	854,102	9.2
Deferred inflows of resources														
Unamortized gain on refunding of debt.....	—	—	11,353	100.0	—	—	—	—	—	—	—	—	11,353	100.0
Related to pensions.....	(220,200)	(88.5)	(104,647)	(91.3)	(30,335)	(88.0)	(37,076)	(88.0)	(4,118)	(76.1)	—	—	(396,376)	(89.0)
Leases.....	(3,025)	(6.8)	1,453	100.0	—	—	—	—	—	—	—	—	(1,572)	(3.5)
Other post-employment benefits.....	1,727	6.8	(354)	(4.1)	350	12.8	427	12.8	1,328	83.3	—	—	3,478	8.3
Total deferred inflows of resources.....	(221,498)	(69.5)	(92,195)	(74.8)	(29,985)	(80.6)	(36,649)	(80.6)	(2,790)	(39.8)	—	—	(383,117)	(72.1)
Net position														
Net investment in capital assets.....	(39,104)	(6.7)	142,505	13.0	18,747	9.3	(15,881)	(4.5)	—	—	—	—	106,267	4.8
Restricted for debt service.....	(46)	(0.3)	(1,881)	(34.9)	—	—	(84)	(60.0)	—	—	—	—	(2,011)	(10.0)
Restricted for capital projects.....	15,959	100.0	(114,657)	(100.0)	5,233	100.0	—	—	—	—	—	—	(93,465)	(81.5)
Restricted for other purposes.....	(100,407)	(100.0)	(48,770)	(100.0)	(13,912)	(100.0)	(17,004)	—	(1,833)	—	—	—	(181,926)	(100.0)
Unrestricted.....	182,244	(274.9)	58,970	58.3	14,878	43.4	57,140	45.8	35,514	43.1	—	—	348,746	126.1
Total net position.....	\$ 58,646	9.3	36,167	2.7	24,946	10.0	24,171	4.9	33,681	39.9	—	—	177,611	6.3

See accompanying auditors' report.

THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION

Schedule of Changes in Revenues, Expenses, and Net Position – Dollar and Percentage Change vs. Prior Year

**Proprietary Funds
June 30, 2023 and 2022
(In thousands)**

	Business Type Activities – Proprietary Funds											
	Water		Wastewater		Hetchy Water		Hetchy Power		CleanPowerSF		SFPUC Total	
	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Operating revenues:												
Charges for services.....	\$ 121,715	22.6	(1,550)	(0.4)	3,370	6.8	30,742	17.8	68,884	26.7	223,161	16.2
Rents and concessions.....	(483)	(3.5)	117	16.6	15	13.4	19	13.9	—	—	(332)	(2.3)
Capacity fees.....	(907)	(41.9)	(3,203)	(51.0)	—	—	—	—	—	—	(4,110)	(48.7)
Other revenues.....	(2,351)	(13.3)	(310)	(5.3)	—	—	—	—	—	—	(2,661)	(11.3)
Total operating revenues.....	117,974	20.6	(4,946)	(1.3)	3,385	6.9	30,761	17.8	68,884	26.7	216,058	15.2
Operating expenses:												
Personnel services.....	52,324	62.7	26,270	41.4	2,788	17.8	4,654	13.4	6,568	157.6	92,604	46.0
Contractual services.....	4,357	34.7	2,205	11.9	281	10.5	1,360	14.4	(221)	(3.3)	7,982	15.9
Transmission/distribution and other power costs.....	—	—	—	—	—	—	19,059	37.0	34	17.7	19,093	36.9
Purchased electricity.....	—	—	—	—	—	—	1,347	20.0	25,606	10.7	26,953	10.9
Materials and supplies.....	4,327	27.5	2,462	20.8	243	17.8	342	15.1	24	72.7	7,398	23.7
Depreciation and amortization.....	6,937	4.7	(66)	(0.1)	44	0.7	108	0.6	(115)	(29.9)	6,908	2.7
Services provided by other departments.....	6,603	9.0	1,354	3.4	263	8.4	2,421	38.7	681	18.8	11,322	9.0
General and administrative and other.....	(16,059)	(23.6)	(28,033)	(61.6)	(5,907)	(25.7)	5,918	21.4	86	1.2	(43,995)	(25.6)
Total operating expenses.....	58,489	14.6	4,192	1.6	(2,288)	(4.4)	35,209	22.5	32,663	12.5	128,265	11.4
Operating income (loss).....	59,485	34.7	(9,138)	(8.2)	5,673	(189.9)	(4,448)	26.3	36,221	(857.5)	87,793	30.0
Non-operating revenues (expenses):												
Federal and state grants.....	(5,931)	(100.0)	(20,559)	(99.3)	1,177	261.6	(3,987)	(81.0)	(1,251)	(51.6)	(30,551)	(88.7)
Interest and investment income (loss).....	22,052	(202.4)	9,643	(136.1)	3,389	(115.6)	7,742	(193.5)	1,691	(131.5)	44,517	(169.9)
Interest expenses.....	(1,232)	(0.6)	(17,769)	(22.9)	(1)	(33.3)	(3,859)	(68.6)	5	83.3	(22,856)	(7.7)
Amortization of premium, discount, refunding loss, and issuance costs	96	1.0	5,965	70.8	—	—	1,776	(925.0)	—	—	7,837	43.3
Net gain from sale of assets.....	11,581	1,073.3	92	418.2	(3)	(42.9)	(6)	(66.7)	—	—	11,664	1,044.2
Other non-operating revenues.....	(6,842)	(19.6)	4,923	104.3	208	945.5	1,835	16.9	(10)	(3.0)	114	0.2
Other Non-operating expenses.....	(947)	(114.4)	(53)	(11.0)	(17)	(45.9)	364	61.6	(218)	100.0	(871)	(44.9)
Net non-operating revenues (expenses).....	18,777	10.8	(17,758)	(34.5)	4,753	(190.7)	3,865	72.2	217	14.8	9,854	(4.5)
Change in net position before capital contributions and transfers.....	78,262	(3,393.8)	(26,896)	(44.6)	10,426	190.3	(583)	(2.6)	36,438	(1,321.7)	97,647	135.6
Capital contributions.....	2,717	100.0	2,740	100.0	—	—	2,535	100.0	—	—	7,992	100.0
Transfers from the City and County of San Francisco.....	(15,030)	(100.0)	75	100.0	(10,001)	(33.3)	—	—	—	—	(24,956)	(55.4)
Transfers to the City and County of San Francisco.....	10,634	(34.7)	129	(80.1)	—	—	500	94.0	—	—	11,263	(35.9)
Net capital contributions and transfers.....	(1,679)	10.7	2,944	(1,828.6)	(10,001)	(33.3)	3,035	(570.5)	—	—	(5,701)	(41.7)
Change in net position.....	76,583	(427.0)	(23,952)	(39.8)	425	1.7	2,452	11.3	36,438	(1,321.7)	91,946	107.3
Net position at beginning of year.....	(17,937)	(2.8)	60,119	4.6	24,521	10.9	21,719	4.6	(2,757)	(3.2)	85,665	3.1
Net position at end of year.....	\$ 58,646	9.3	36,167	2.7	24,946	10.0	24,171	4.9	33,681	39.9	177,611	6.3

See accompanying auditors' report.



Certified
Public
Accountants

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Mayor and the Board of Supervisors
City and County of San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the San Francisco Public Utilities Commission (SFPUC) as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the SFPUC's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SFPUC's internal control. Accordingly, we do not express an opinion on the effectiveness of the SFPUC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SFPUC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Macias Gini & O'Connell LLP
2121 N. California Blvd., Suite 750
Walnut Creek, CA 94596

www.mgocpa.com

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
January 26, 2024

Statistical Section (Unaudited)

Financial Trends

These schedules contain trend information to help understand how SFPUC's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess SFPUC's revenues sources and rate structures.

Debt Capacity

These schedules contain information to help the reader assess the affordability of the SFPUC's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which SFPUC's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to enhance the reader's ability to understand how the information in the SFPUC financial report relates to the services it provides and the activities it performs.

Statistical Section

Financial Trends

Comparative Highlights of Revenues and Expenses

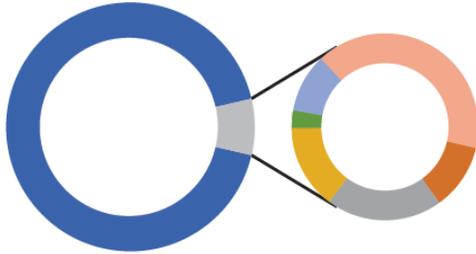
Changes in Net Position

Summary of Net Position by Component

Investments in Capital Assets

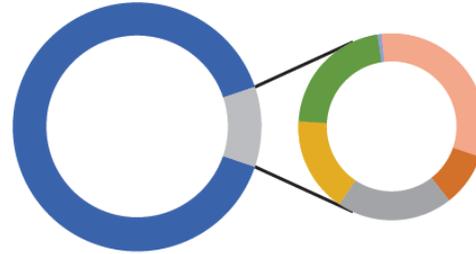
Financial Trends
 Department-wide
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2023 and 2022#
 (Dollars in Thousands)

2023 Revenues - \$1,724,372



Charges for services	\$1,598,926	92.7%
Other	\$125,446	7.3%
Rents and concessions	\$14,387	0.8%
Other operating revenues	\$25,191	1.5%
Interest and investment income/(loss)	\$18,315	1.1%
Federal and State grants	\$3,889	0.20%
Net gain from sale of assets	\$12,781	0.70%
Other non-operating revenues	\$50,883	3.0%

2022 Revenues - \$1,482,570



Charges for services	\$1,375,765	92.8%
Other	\$106,805	7.2%
Rents and concessions	\$14,719	1.0%
Other operating revenues	\$31,962	2.2%
Interest and investment income/(loss)	\$(26,202)	-1.8%
Federal and State grants	\$34,440	2.20%
Net gain from sale of assets	\$1,117	0.10%
Other non-operating revenues	\$50,769	3.4%

2023 Expenses - \$1,554,737



Personnel services	\$293,894	19.0%
Contractual services	\$58,030	3.7%
Purchased power & related costs	\$344,036	22.1%
Materials and supplies	\$38,626	2.5%
Depreciation and amortization	\$258,424	16.6%
Services provided by other departments	\$137,277	8.8%
General & administrative and Other operating expenses	\$127,659	8.2%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$293,982	18.9%
Non-operating expenses	\$2,809	0.2%

2022 Expenses - \$1,410,582



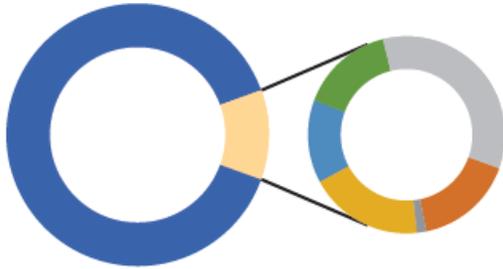
Personnel services	\$201,290	14.3%
Contractual services	\$50,048	3.5%
Purchased power & related costs	\$297,990	21.2%
Materials and supplies	\$31,228	2.2%
Depreciation and amortization	\$251,516	17.8%
Services provided by other departments	\$125,955	8.9%
General & administrative and Other operating expenses	\$171,654	12.2%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$278,963	19.8%
Non-operating expenses	\$1,938	0.1%

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements* (SBITAs).

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

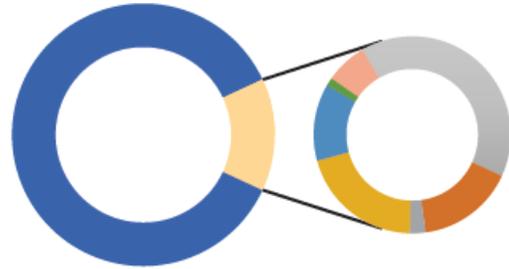
Financial Trends
Water Fund
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2023 and 2022#
 (Dollars in Thousands)

2023 Revenues - \$742,926



Charges for services	\$661,241	88.9%
Other	\$81,685	11.1%
Rents and concessions	\$13,282	1.8%
Capacity fees	\$1,256	0.2%
Other operating revenues	\$15,312	2.1%
Interest and investment income/(loss)	\$11,156	1.5%
Net gain from sale of assets	\$12,660	1.7%
Federal and State grants	\$0	0.0%
Other non-operating revenues	\$28,019	3.8%

2022 Revenues - \$604,092



Charges for services	\$539,526	89.3%
Other	\$64,566	10.7%
Rents and concessions	\$13,765	2.3%
Capacity fees	\$2,163	0.4%
Other operating revenues	\$17,663	2.8%
Interest and investment income/(loss)	\$(10,896)	-1.8%
Net gain from sale of assets	\$1,079	0.2%
Federal and State grants	\$5,931	1.0%
Other non-operating revenues	\$34,861	5.8%

2023 Expenses - \$666,970



Personnel services	\$135,709	20.4%
Contractual services	\$16,919	2.5%
Materials and supplies	\$20,046	3.0%
Depreciation and amortization	\$155,714	23.3%
Services provided by other departments	\$79,910	12.0%
General & administrative and Other operating expense	\$51,955	7.8%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$204,942	30.7%
Non-operating expenses	\$1,775	0.3%

2022 Expenses - \$606,398



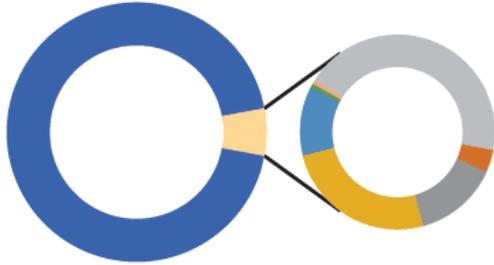
Personnel services	\$83,385	13.8%
Contractual services	\$12,256	2.1%
Materials and supplies	\$15,719	2.6%
Depreciation and amortization	\$148,777	24.5%
Services provided by other departments	\$73,307	12.1%
General & administrative and Other operating expense	\$68,014	11.2%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$203,806	33.6%
Non-operating expenses	\$828	0.1%

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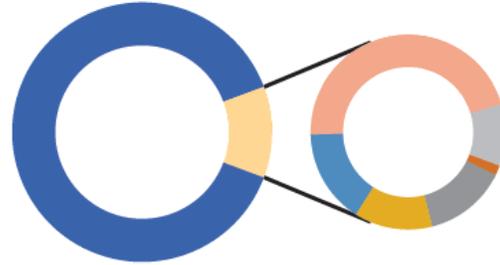
Financial Trends
Wastewater Fund
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2023 and 2022#
 (Dollars in Thousands)

2023 Revenues - \$376,402



Charges for services	\$354,491	94.2%
Other	\$21,911	5.8%
Rents and concessions	\$822	0.2%
Capacity fees	\$3,077	0.8%
Other operating revenues	\$5,546	1.5%
Interest and investment income/(loss)	\$2,556	0.7%
Net gain from sale of assets	\$114	0.0%
Federal and State grants	\$152	0.0%
Other non-operating revenues	\$9,644	2.6%

2022 Revenues - \$387,249



Charges for services	\$356,041	92.0%
Other	\$31,208	8.0%
Rents and concessions	\$705	0.2%
Capacity fees	\$6,280	1.6%
Other operating revenues	\$5,856	1.5%
Interest and investment income/(loss)	\$(7,087)	-1.8%
Net gain from sale of assets	\$22	0.0%
Federal and State grants	\$20,711	5.3%
Other non-operating revenues	\$4,721	1.2%

2023 Expenses - \$343,018



Personnel services	\$89,726	26.1%
Contractual services	\$20,777	6.1%
Materials and supplies	\$14,306	4.2%
Depreciation and amortization	\$78,039	22.8%
Services provided by other departments	\$40,999	12.0%
General & administrative and Other operating expense	\$17,503	5.1%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$81,133	23.7%
Non-operating expenses	\$535	0.0%

2022 Expenses - \$326,969



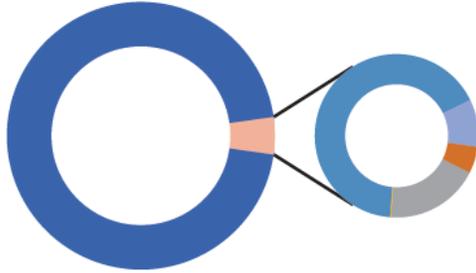
Personnel services	\$63,456	19.4%
Contractual services	\$18,572	5.7%
Materials and supplies	\$11,844	3.6%
Depreciation and amortization	\$78,105	23.9%
Services provided by other departments	\$39,645	12.1%
General & administrative and Other operating expense	\$45,536	13.9%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$69,329	21.3%
Non-operating expenses	\$482	0.1%

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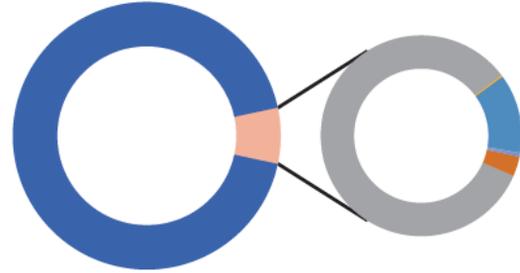
Financial Trends
 Hetchy Water Fund
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2023 and 2022#
 (Dollars in Thousands)

2023 Revenues - \$55,015



Charges for services	\$52,570	95.6%
Other	\$2,445	4.4%
Rents and concessions	\$127	0.2%
Interest and investment income/(loss)	\$457	0.8%
Net gain from sale of assets	\$4	0.0%
Federal and State grants	\$1,627	3.0%
Other non-operating revenues	\$230	0.4%

2022 Revenues - \$46,859



Charges for services	\$49,200	105.1%
Other	\$(2,341)	-5.1%
Rents and concessions	\$112	0.2%
Interest and investment income/(loss)	\$(2,932)	-6.3%
Net gain from sale of assets	\$7	0.0%
Federal and State grants	\$450	1.0%
Other non-operating revenues	\$22	0.0%

2023 Expenses - \$50,069



Personnel services	\$18,424	36.9%
Contractual services	\$2,956	5.9%
Materials and supplies	\$1,605	3.2%
Depreciation and amortization	\$6,524	13.0%
Services provided by other departments	\$3,392	6.8%
General and administrative and Other	\$17,110	34.2%
Interest Expense	\$4	0.0%
Non-operating expenses	\$54	0.0%

2022 Expenses - \$52,339



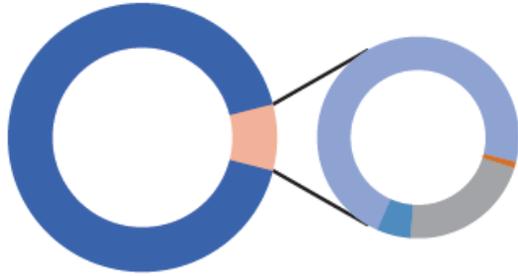
Personnel services	\$15,636	29.9%
Contractual services	\$2,675	5.1%
Materials and supplies	\$1,362	2.6%
Depreciation and amortization	\$6,480	12.4%
Services provided by other departments	\$3,129	6.0%
General and administrative and Other	\$23,017	44.0%
Interest Expense	\$3	0.0%
Non-operating expenses	\$37	0.0%

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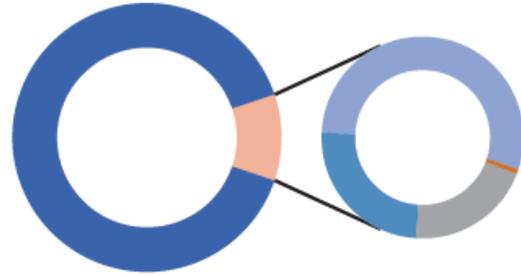
Financial Trends
 Hetchy Power Fund
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2023 and 2022#
 (Dollars in Thousands)

2023 Revenues - \$221,349



Charges for services	\$203,847	92.1%
Other	\$17,502	7.9%
Rents and concessions	\$156	0.1%
Interest and investment income/(loss)	\$3,741	1.7%
Net gain from sale of assets	\$3	0.0%
Federal and State grants	\$937	0.4%
Other non-operating revenues	\$12,665	5.7%

2022 Revenues - \$185,004



Charges for services	\$173,105	93.5%
Other	\$11,899	6.5%
Rents and concessions	\$137	0.1%
Interest and investment income/(loss)	\$(4,001)	-2.2%
Net gain from sale of assets	\$9	0.0%
Federal and State grants	\$4,924	2.7%
Other non-operating revenues	\$10,830	5.9%

2023 Expenses - \$199,681



Personnel services	\$39,300	19.7%
Contractual services	\$10,819	5.4%
Purchased power & related costs	\$78,658	39.4%
Materials and supplies	\$2,612	1.3%
Depreciation and amortization	\$17,877	9.0%
Services provided by other departments	\$8,674	4.3%
General and administrative and Other	\$33,612	16.8%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$7,902	4.0%
Solar incentive program	\$161	0.1%
Non-operating expenses	\$66	0.0%

2022 Expenses - \$162,753



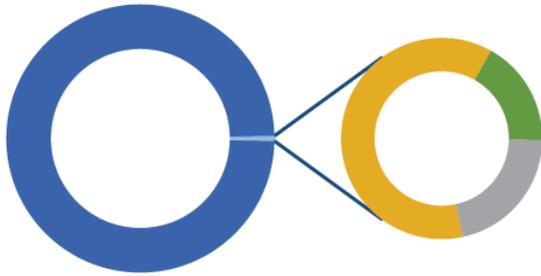
Personnel services	\$34,646	21.3%
Contractual services	\$9,459	5.8%
Purchased power & related costs	\$58,252	35.9%
Materials and supplies	\$2,270	1.4%
Depreciation and amortization	\$17,769	10.9%
Services provided by other departments	\$6,253	3.8%
General and administrative and Other	\$27,694	17.0%
Interest expense, net of amortization of premium, discount, refunding loss and issuance costs	\$5,816	3.6%
Solar incentive program	\$395	0.2%
Non-operating expenses	\$196	0.1%

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements* (SBITAs).

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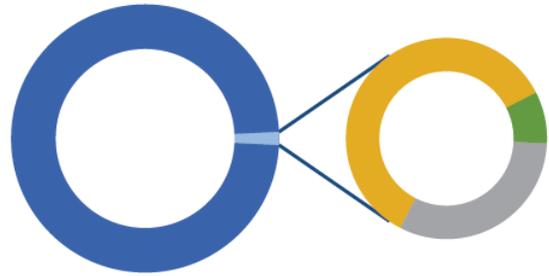
Financial Trends
CleanPowerSF
 Comparative Highlights of Revenues & Expenses
 Fiscal Years Ended 2023 and 2022#
 (Dollars in Thousands)

2023 Revenues - \$328,680



Charges for services	\$326,777	99.4%
Other	\$1,903	0.6%
Interest and investment income/(loss)	\$405	0.1%
Federal and State grants	\$1,173	0.4%
Other non-operating revenues	\$325	0.1%

2022 Revenues - \$259,366



Charges for services	\$257,893	99.5%
Other	\$1,473	0.5%
Interest and investment income/(loss)	\$(1,286)	-0.5%
Federal and State grants	\$2,424	0.9%
Other non-operating revenues	\$335	0.1%

2023 Expenses - \$294,999



Personnel services	\$10,735	3.6%
Contractual services	\$6,559	2.2%
Purchased power & related costs	\$265,378	90.0%
Materials and supplies	\$57	0.0%
Depreciation and amortization	\$270	0.1%
Services provided by other departments	\$4,302	1.5%
General and administrative and Other	\$7,479	2.5%
Interest Expense	\$1	0.0%
Solar incentive program	\$218	0.1%

2022 Expenses - \$262,123



Personnel services	\$4,167	1.6%
Contractual services	\$6,780	2.6%
Purchased power & related costs	\$239,738	91.5%
Materials and supplies	\$33	0.0%
Depreciation and amortization	\$385	0.1%
Services provided by other departments	\$3,621	1.4%
General and administrative and Other	\$7,393	2.8%
Interest Expense	\$6	0.0%

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements* (SBITAs).

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

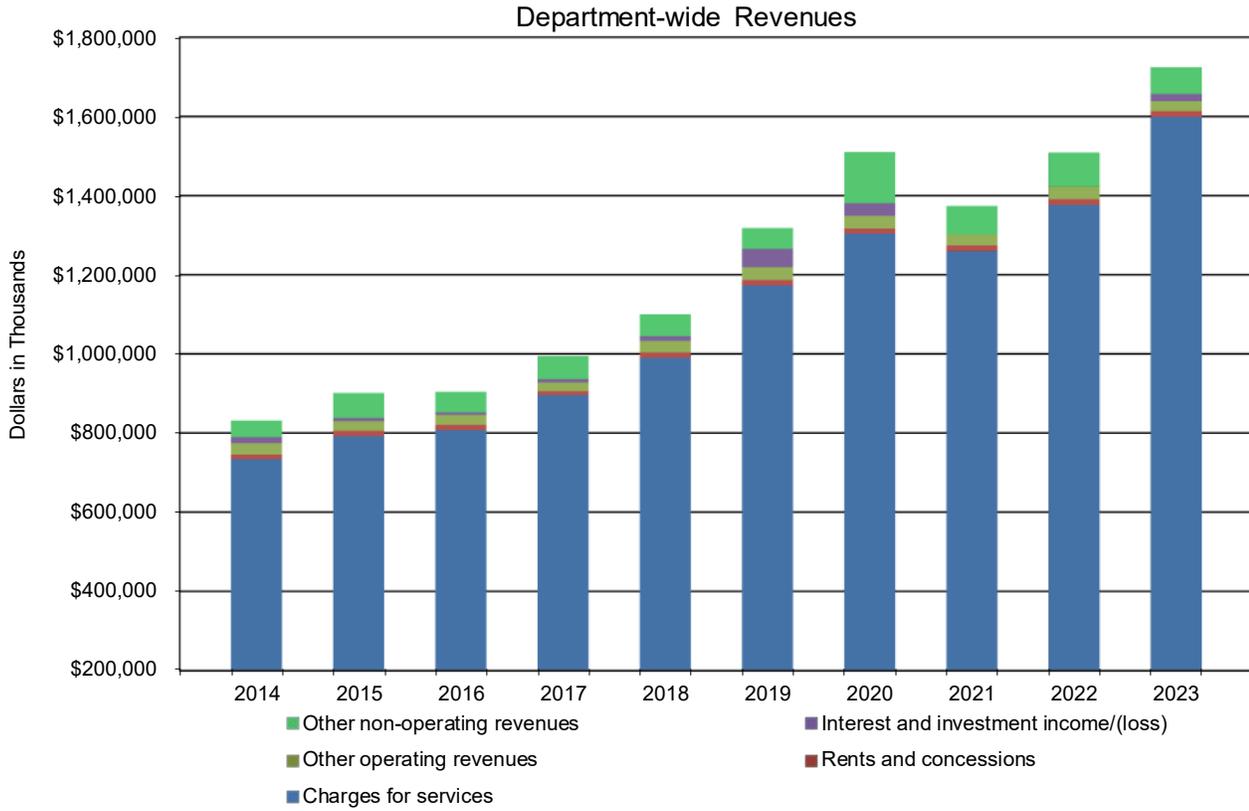
Financial Trends
 Department-wide - Changes in Net Position
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

Revenues:		2014	2015	2016	2017	2018	2019	2020	2021[^]	2022	2023
Charges for services	\$	733,746	792,199	807,259	895,472	989,842	1,172,573	1,303,411	1,259,466	1,375,765	1,598,926
Rents and concessions		11,727	13,336	13,096	9,734	13,813	13,989	13,135	14,624	14,719	14,387
Other operating revenues		28,944	24,317	25,672	22,445	29,043	32,296	32,217	27,182	31,962	25,191
Subtotal operating revenues		774,417	829,852	846,027	927,651	1,032,698	1,218,858	1,348,763	1,301,272	1,422,446	1,638,504
Interest and investment income/(loss)		15,083	8,175	6,060	8,511	11,694	46,639	32,103	30	(26,202)	18,315
Other non-operating revenues		41,946	63,430	51,972	58,422	55,705	52,483	129,198	72,337	86,326	67,553
Subtotal non-operating revenues		57,029	71,605	58,032	66,933	67,399	99,122	161,301	72,367	60,124	85,868
Total revenues	\$	831,446	901,457	904,059	994,584	1,100,097	1,317,980	1,510,064	1,373,639	1,482,570	1,724,372

(Continued)

[^]Fiscal year 2021 implementation of GASB Statement No. 87, Leases.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

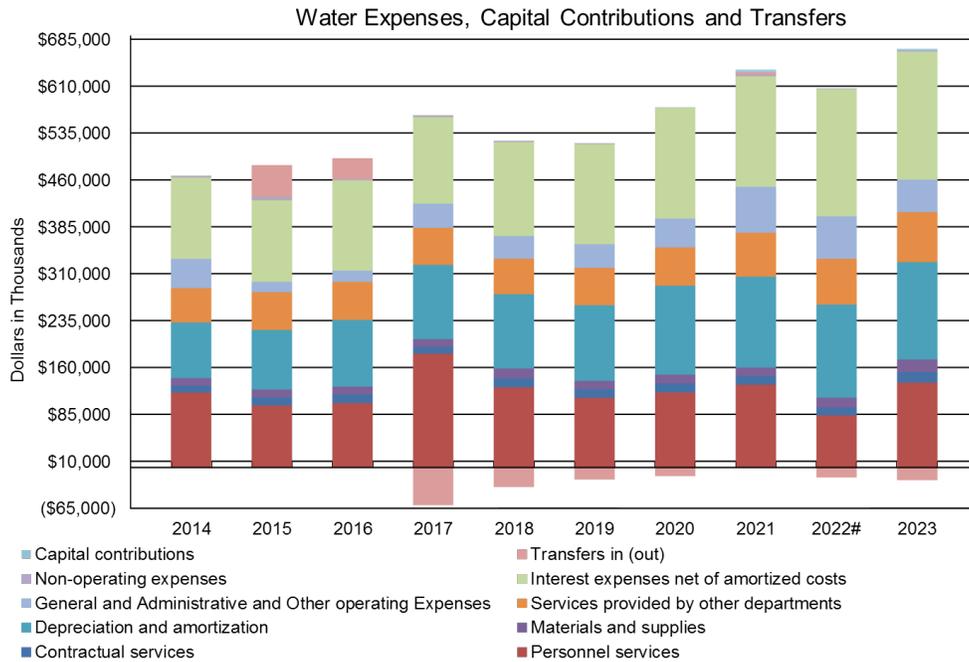


Financial Trends
 Department-wide - Changes in Net Position
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

Expenses:	2014	2015	2016	2017	2018	2019	2020	2021	2022[#]	2023
Personnel services	\$ 252,068	220,385	227,930	365,494	271,888	248,189	275,892	291,245	201,290	293,894
Contractual services	30,133	35,216	34,915	31,563	39,408	44,832	50,821	48,299	50,048	58,030
Purchased power & related costs	26,215	20,296	26,792	43,407	64,732	170,275	223,601	233,682	297,990	344,036
Materials and supplies	26,411	24,842	26,128	23,972	28,024	25,130	26,695	25,554	31,228	38,626
Depreciation and amortization	152,742	163,525	173,978	191,997	193,457	200,712	226,194	241,810	251,516	258,424
Services provided by other departments	96,918	104,535	106,476	105,417	102,199	108,043	109,444	121,130	125,955	137,277
General and administrative and Other operating expenses	101,473	88,559	88,615	98,327	106,960	130,003	136,755	188,105	171,654	127,659
Subtotal operating expenses	685,960	657,358	684,834	860,177	806,668	927,184	1,049,402	1,149,825	1,129,681	1,257,946
Interest expenses	165,345	161,712	178,864	179,819	192,183	224,867	237,271	221,622	297,068	319,924
Amortization of premium, discount, refunding loss, and issuance costs	(13,908)	(10,554)	(11,950)	(15,090)	(19,188)	(23,722)	(22,627)	(16,498)	(18,105)	(25,942)
Non-operating expenses	5,206	7,916	4,439	4,466	4,129	3,766 ^{^^}	1,652 ^{^^}	3,582	1,938	2,809
Subtotal non-operating expenses	156,643	159,074	171,353	169,195	177,124	204,911	216,296	208,706	280,901	296,791
Total expenses	842,603	816,432	856,187	1,029,372	983,792	1,132,095	1,265,698	1,358,531	1,410,582	1,554,737
Change in net position before capital contributions, transfers and extraordinary item	(11,157)	85,025	47,872	(34,788)	116,305	185,885	244,366	15,108	71,988	169,635
Capital contributions *	678	—	—	—	—	—	—	4,180	—	7,992
Transfers in (out)	386	52,806	17,899	(30,644)	(28,371)	1,360	(805)	17,091	13,677	(16)
Extraordinary item: Rim fire — loss	(6,843)	—	—	—	—	—	—	—	—	—
Change in net position	(16,936)	137,831	65,771	(65,432)	87,934	187,245	243,561	36,379	85,665	177,611
Net position at beginning of year										
Beginning of year, as previously reported	2,366,565	2,349,629	2,225,451	2,292,646	2,225,790 ^{**}	2,270,925	2,458,170	2,701,731	2,738,110	2,823,775
Cumulative effect of accounting change due to error	—	—	—	—	(6,767) ^{**}	—	—	—	—	—
Cumulative effect of accounting change	—	(262,009) [~]	—	—	(36,032) [△]	—	—	—	—	—
Less: CleanPowerSF beginning net position	—	—	—	(1,424)	—	—	—	—	—	—
Beginning of year as restated	2,366,565	2,087,620	2,225,451	2,291,222	2,182,991	2,270,925	2,458,170	2,701,731	2,738,110	2,823,775
Net position at end of year	\$ 2,349,629	2,225,451	2,291,222	2,225,790	2,270,925	2,458,170	2,701,731	2,738,110	2,823,775	3,001,386

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.
 *Fiscal year 2023, Capital Contributions of \$7,992 was from a developer for HOPE SF projects, fiscal year 2021, Capital Contributions of \$4,180 was from Department of Public Works, and fiscal year 2014, Capital contributions of \$678 was from Department of Emergency Management.
[^]Fiscal year 2021 implementation of GASB Statement No. 87, Leases.
^{**}Fiscal year 2018, Wastewater Enterprise recorded certain immaterial corrections to the 2018 financial statement to eliminate the recognition of certain capital assets that are recorded by another fund. The impact of the change was to decrease beginning position as of July 2017 by \$6,767 and increase fiscal year 2018 expenses by \$28,313.
[△]Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.
[~]Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
^{^^} Non-operating expenses include net loss from sale of assets.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



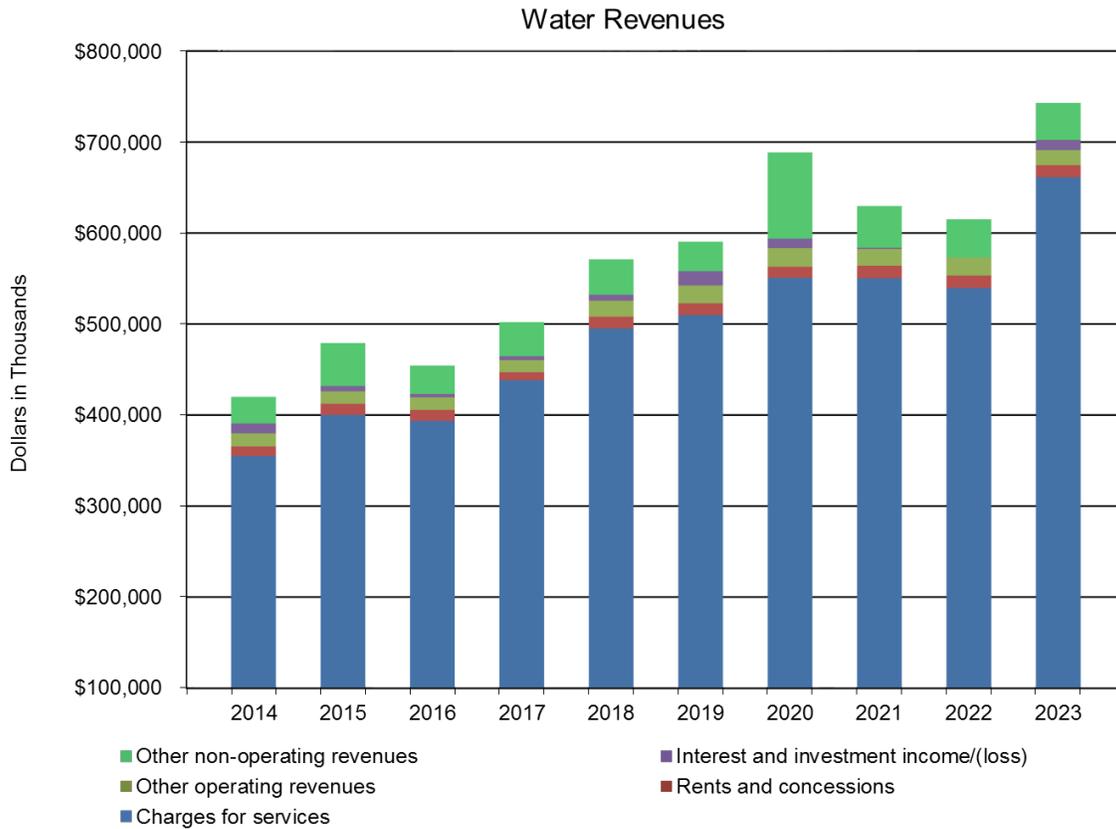
Financial Trends
Water - Changes in Net Position
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Revenues:	2014	2015	2016	2017	2018	2019	2020	2021[^]	2022	2023
Charges for services	\$ 354,827	400,023	393,582	438,207	495,138	509,703	550,753	550,306	539,526	661,241
Rents and concessions	10,675	12,284	12,081	8,813	12,906	13,010	12,124	13,735	13,765	13,282
Other operating revenues	14,380	13,740	13,853	13,311	17,595	19,678	20,474	18,395	19,826	16,568
Subtotal operating revenues	379,882	426,047	419,516	460,331	525,639	542,391	583,351	582,436	573,117	691,091
Interest and investment income/(loss)	10,907	5,789	3,595	4,331	6,448	15,650	10,517	1,374	(10,896)	11,156
Other non-operating revenues	29,197	47,314	31,253	37,405	39,064	32,399	94,734	45,874	41,871	40,679
Subtotal non-operating revenues	40,104	53,103	34,848	41,736	45,512	48,049	105,251	47,248	30,975	51,835
Total revenues	\$ 419,986	479,150	454,364	502,067	571,151	590,440	688,602	629,684	604,092	742,926

(Continued)

[^]Fiscal year 2021 implementation of GASB Statement No. 87, Leases.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
Water - Changes in Net Position
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Expenses:	2014	2015	2016	2017	2018	2019	2020	2021[^]	2022[#]	2023
Personnel services	\$ 119,849	99,192	103,027	182,034	128,295	111,594	119,943	132,528	83,385	135,709
Contractual services	10,921	12,729	13,451	10,664	14,131	13,715	14,523	14,029	12,562	16,919
Materials and supplies	12,154	12,667	12,896	12,564	15,936	13,421	14,050	13,175	15,719	20,046
Depreciation and amortization	89,026	95,384	106,666	118,826	118,751	120,815	142,228	145,444	148,777	155,714
Services provided by other departments	54,856	60,365	60,868	59,173	56,860	59,751	61,128	70,235	73,307	79,910
General and administrative and Other operating expenses	46,749	16,613	17,878	38,566	36,174	37,798	46,245	73,371	68,014	51,955
Subtotal operating expenses	333,555	296,950	314,786	421,827	370,147	357,094	398,117	448,782	401,764	460,253
Interest expenses	136,645	137,106	153,258	148,075	164,001	177,998	191,246	184,678	213,681	214,913
Amortization of premium, discount, refunding loss, and issuance costs	(6,169)	(6,100)	(8,849)	(9,029)	(13,540)	(17,788)	(13,752)	(7,782)	(9,875)	(9,971)
Non-operating expenses	2,089	4,829	2,210	2,607	1,920	1,388	529	2,208	828	1,775
Subtotal non-operating expenses	132,565	135,835	146,619	141,653	152,381	161,598	178,023	179,104	204,634	206,717
Total expenses	466,120	432,785	461,405	563,480	522,528	518,692	576,140	627,886	606,398	666,970
Change in net position before capital contributions and transfers	(46,134)	46,365	(7,041)	(61,413)	48,623	71,748	112,462	1,798	(2,306)	75,956
Capital contributions *	310	—	—	—	—	—	—	4,180	—	2,717
Transfers in (out)	405	50,995	33,244	(59,988)	(30,986)	(19,134)	(13,585)	4,371	(15,631)	(20,027)
Change in net position	(45,419)	97,360	26,203	(121,401)	17,637	52,614	98,877	10,349	(17,937)	58,646
Net position at beginning of year										
Beginning of year, as previously reported	699,631	654,212	596,465	622,668	501,267	489,524	542,138	641,015	651,364	633,427
Cumulative effect of accounting change	—	(155,107) [~]	—	—	(29,380) [△]	—	—	—	—	—
Beginning of year as restated	699,631	499,105	596,465	622,668	471,887	489,524	542,138	641,015	651,364	633,427
Net Position at end of year	\$ 654,212	596,465	622,668	501,267	489,524	542,138	641,015	651,364	633,427	692,073

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

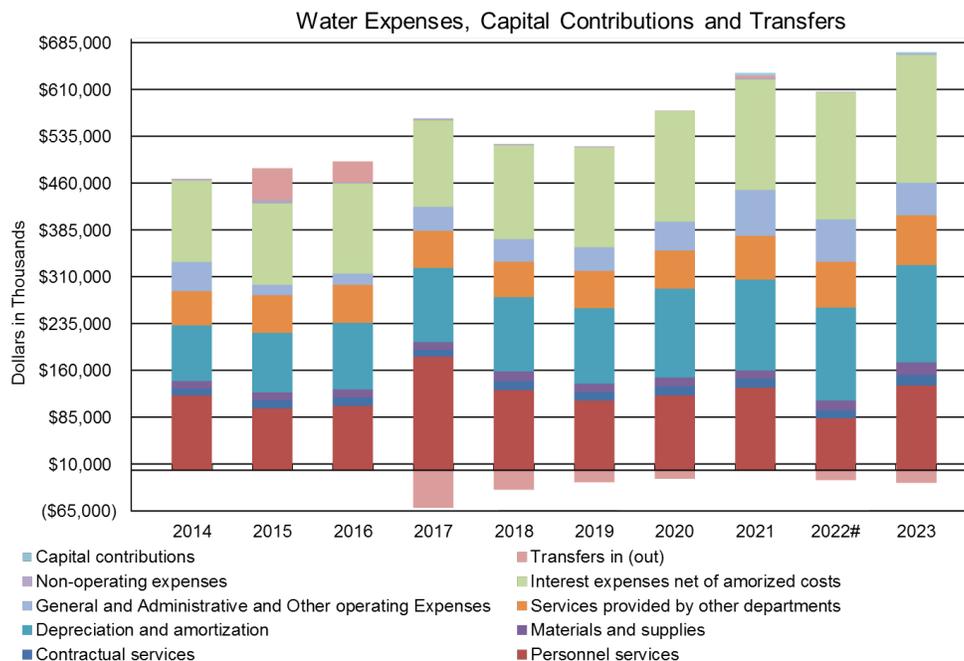
*Fiscal year 2023, Capital Contributions of \$2,717 was from a developer for HOPE SF projects, fiscal year 2021, Capital Contributions of \$4,180 was from Department of Public Works, and fiscal year 2014, Capital Contributions of \$310 from Department of Emergency Management.

[^]Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

[△]Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

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Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

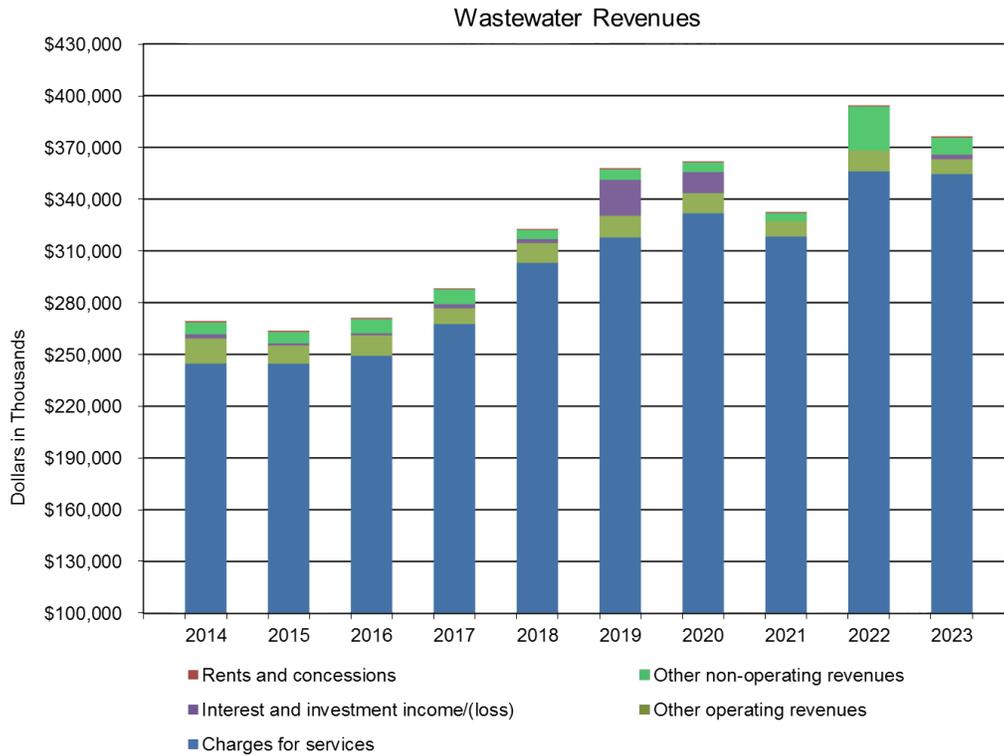


Financial Trends
Wastewater - Changes in Net Position
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Revenues:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for services	\$ 244,705	244,604	249,203	267,601	303,037	317,761	331,721	318,236	356,041	354,491
Rents and concessions	828	821	753	606	611	702	664	642	705	822
Other operating revenues	14,564	10,577	11,819	9,134	11,448	12,618	11,743	8,787	12,136	8,623
Subtotal operating revenues	260,097	256,002	261,775	277,341	315,096	331,081	344,128	327,665	368,882	363,936
Interest and investment income/(loss)	2,400	1,207	1,185	2,327	2,317	20,701	12,137	(1,187)	(7,087)	2,556
Other non-operating revenues	6,882	6,564	8,263	8,633	5,330	6,164	5,596	4,911	25,454	9,910
Subtotal non-operating revenues	9,282	7,771	9,448	10,960	7,647	26,865	17,733	3,724	18,367	12,466
Total revenues	\$ 269,379	263,773	271,223	288,301	322,743	357,946	361,861	331,389	387,249	376,402

(Continued)

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
Wastewater - Changes in Net Position
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Expenses:	2014	2015	2016	2017	2018	2019	2020	2021 [^]	2022[#]	2023
Personnel services	\$ 85,114	76,366	79,088	115,288	91,977	80,693	91,013	90,449	63,456	89,726
Contractual services	14,314	13,841	15,069	13,825	16,061	19,040	19,357	16,489	18,572	20,777
Materials and supplies	10,830	9,815	10,192	8,736	9,446	9,853	8,991	9,091	11,844	14,306
Depreciation and amortization	48,402	50,254	50,799	55,441	55,591	60,033	62,967	74,343	78,105	78,039
Services provided by other departments	35,274	36,212	36,157	36,832	36,374	36,629	37,309	38,313	39,645	40,999
General and administrative and Other operating expenses	22,406	29,967	30,248	14,098	29,457	53,565	42,622	63,488	45,536	17,503
Subtotal operating expenses	216,340	216,485	221,553	244,220	238,906	259,813	262,259	292,173	257,158	261,350
Interest expenses	27,126	22,791	22,251	28,474	24,978	43,803	43,216	34,944	77,751	95,520
Amortization of premium, refunding loss, and issuance costs	(7,711)	(5,347)	(2,979)	(5,806)	(5,400)	(5,697)	(8,647)	(8,497)	(8,422)	(14,387)
Non-operating expenses	533	280	485	383	414	1,013 ^{^^}	52	409	482	535
Subtotal non-operating expenses	19,948	17,724	19,757	23,051	19,992	39,119	34,621	26,856	69,811	81,668
Total expenses	236,288	234,209	241,310	267,271	258,898	298,932	296,880	319,029	326,969	343,018
Change in net position before capital contributions and transfers	33,091	29,564	29,913	21,030	63,845	59,014	64,981	12,360	60,280	33,384
Capital contributions [*]	—	—	—	—	—	—	—	—	—	2,740
Transfers in (out)	19	(232)	(16,025)	(30,707)	(26,960)	(3,996)	(1,188)	(2,748)	(161)	43
Change in net position	33,110	29,332	13,888	(9,677)	36,885	55,018	63,793	9,612	60,119	36,167
Net position at beginning of year										
Beginning of year, as previously reported	1,148,757	1,181,867	1,142,052	1,155,940	1,146,263	1,174,125	1,229,143	1,292,936	1,302,548	1,362,667
Cumulative effect of accounting change due to error	—	—	—	—	(6,767) ^{**}	—	—	—	—	—
Cumulative effect of accounting change	—	(69,147) [△]	—	—	(2,256) [△]	—	—	—	—	—
Beginning of year as restated	1,148,757	1,112,720	1,142,052	1,155,940	1,137,240	1,174,125	1,229,143	1,292,936	1,302,548	1,362,667
Net Position at end of year	\$ 1,181,867	1,142,052	1,155,940	1,146,263	1,174,125	1,229,143	1,292,936	1,302,548	1,362,667	1,398,834

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

*Fiscal year 2023, Capital Contributions of \$2,740 from a developer for HOPE SF projects.

^Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

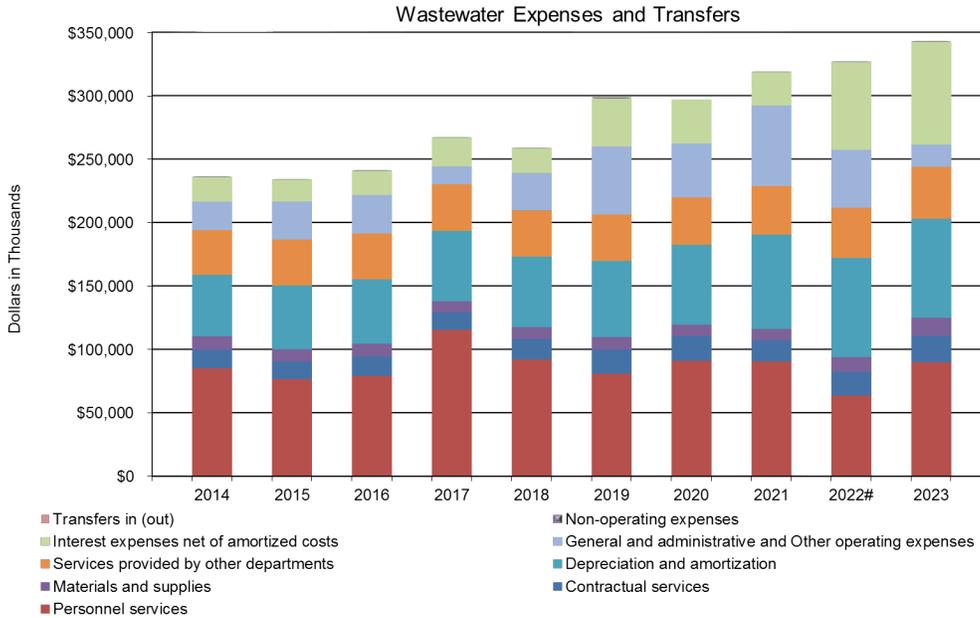
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^^Non-operating expense includes net loss/gain from sales of assets.

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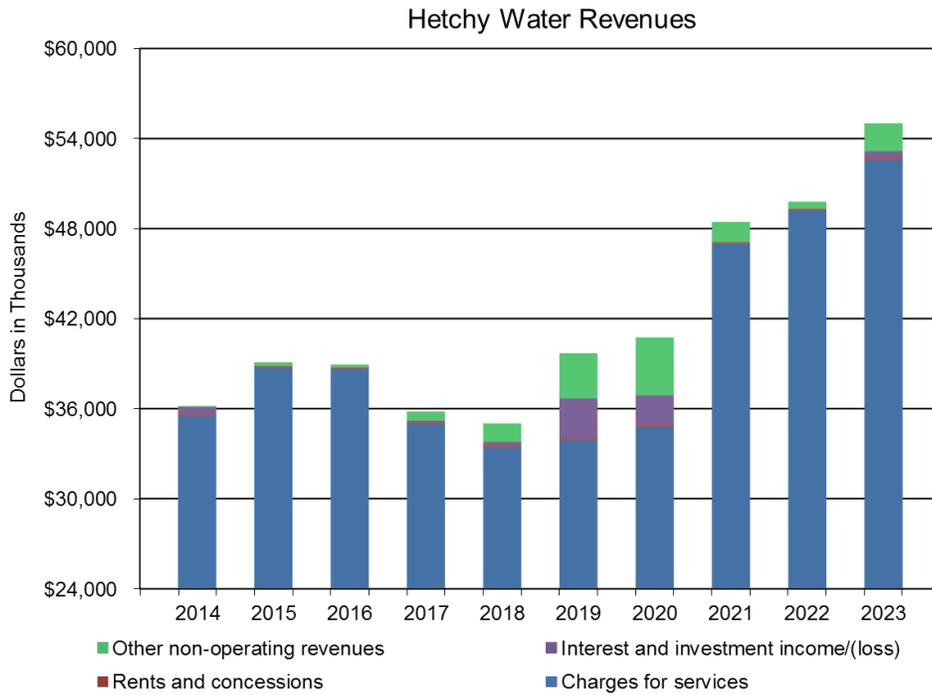


Financial Trends
 Hetchy Water - Changes in Net Position
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

Revenues:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for services	\$ 35,521	38,731	38,624	35,008	33,427	33,880	34,797	46,979	49,200	52,570
Rents and concessions	101	104	118	142	133	125	156	111	112	127
Subtotal operating revenues	35,622	38,835	38,742	35,150	33,560	34,005	34,953	47,090	49,312	52,697
Interest and investment income/(loss)	487	(74)	(38)	46	218	2,670	1,932	(232)	(2,932)	457
Other non-operating revenues	69	250	200	616	1,237	3,013	3,861	1,352	479	1,861
Subtotal non-operating revenues	556	176	162	662	1,455	5,683	5,793	1,120	(2,453)	2,318
Total revenues	\$ 36,178	39,011	38,904	35,812	35,015	39,688	40,746	48,210	46,859	55,015

(Continued)

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 Hetchy Water - Changes in Net Position
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

Expenses:	2014	2015	2016	2017	2018	2019	2020	2021[^]	2022[~]	2023
Personnel services	\$ 13,343	11,557	12,183	21,998	14,516	13,707	16,304	19,871	15,636	18,424
Contractual services	835	794	902	1,017	1,524	1,205	1,642	2,398	2,675	2,956
Materials and supplies	1,352	1,321	1,191	1,161	1,101	1,133	1,337	1,272	1,362	1,605
Depreciation and amortization	4,186	4,102	3,874	4,505	5,066	5,380	5,276	6,028	6,480	6,524
Services provided by other departments	1,211	1,979	2,054	1,962	1,572	1,622	1,853	2,517	3,129	3,392
General and administrative and Other operating expenses	14,098	18,948	16,332	19,456	16,013	27,258	18,461	18,433	23,017	17,110
Subtotal operating expenses	35,025	38,701	36,536	50,099	39,792	50,305	44,873	50,519	52,299	50,011
Interest expenses	—	—	—	—	—	—	—	2	3	4
Non-operating expenses	99	313	68	68	68	—	11	63	37	54
Total expenses	35,124	39,014	36,604	50,167	39,860	50,305	44,884	50,584	52,339	50,069
Change in net position before capital contributions transfers and extraordinary item	1,054	(3)	2,300	(14,355)	(4,845)	(10,617)	(4,138)	(2,374)	(5,480)	4,946
Capital contributions *	166	—	—	—	—	—	—	—	—	—
Transfers in (out)	—	—	—	60,000	30,000	20,000	14,000	16,000	30,001	20,000
Extraordinary item: Rim fire — loss	(2,709)	—	—	—	—	—	—	—	—	—
Change in net position	(1,489)	(3)	2,300	45,645	25,155	9,383	9,862	13,626	24,521	24,946
Net position at beginning of year										
Beginning of year, as previously reported	138,893	137,404	120,411	122,711	168,356	191,790	201,173	211,035	224,661	249,182
Cumulative effect of accounting change	—	(16,990) [~]	—	—	(1,721) [△]	—	—	—	—	—
Beginning of year as restated	138,893	120,414	120,411	122,711	166,635	191,790	201,173	211,035	224,661	249,182
Net position at end of year	\$ 137,404	120,411	122,711	168,356	191,790	201,173	211,035	224,661	249,182	274,128

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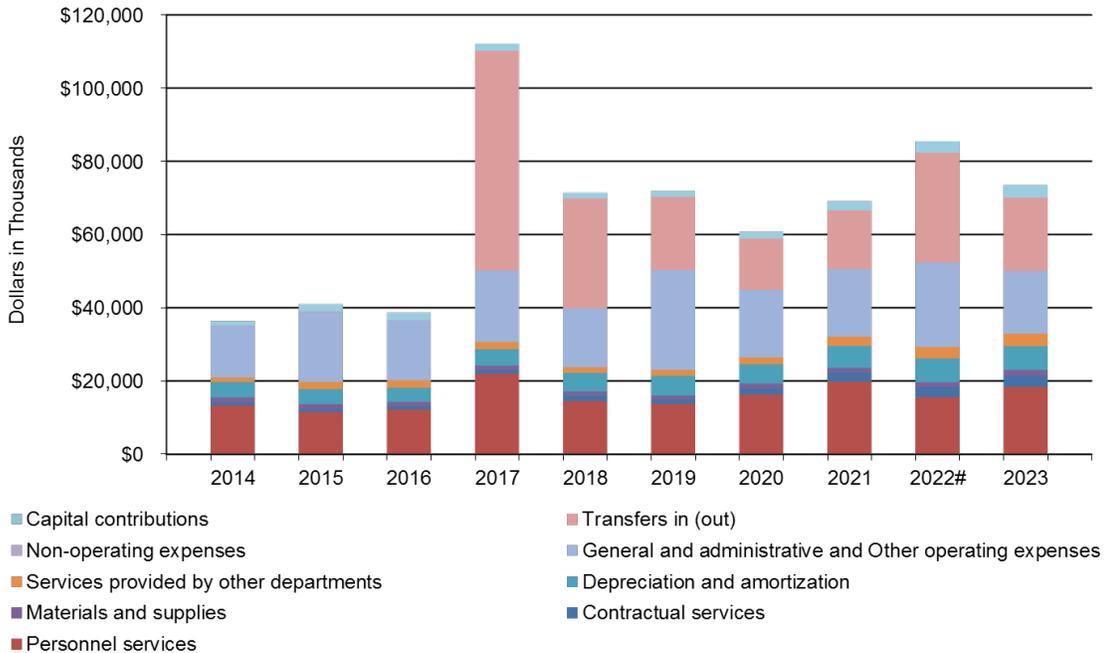
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[~]Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

*Fiscal year 2014, Capital Contributions of \$166 was from the Department of Emergency Management.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Hetchy Water Expenses, Capital Contributions and Transfers

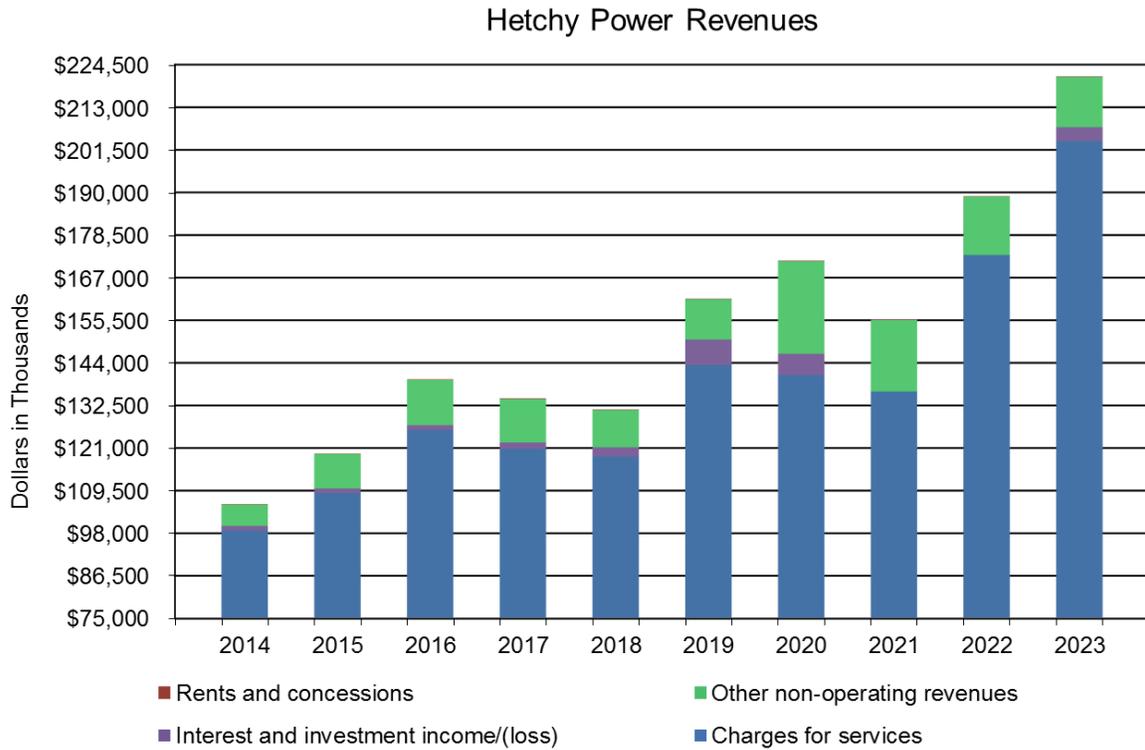


Financial Trends
 Hetchy Power - Changes in Net Position
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

Revenues:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for services	\$ 98,693	108,841	125,850	120,789	118,672	143,409	140,680	136,247	173,105	203,847
Rents and concessions	123	127	144	173	163	152	191	136	137	156
Subtotal operating revenues	98,816	108,968	125,994	120,962	118,835	143,561	140,871	136,383	173,242	204,003
Interest and investment income/(loss)	1,289	1,253	1,318	1,718	2,537	6,883	5,746	24	(4,001)	3,741
Other non-operating revenues	5,798	9,302	12,256	11,764	10,073	10,907	25,006	19,273	15,763	13,605
Subtotal non-operating revenues	7,087	10,555	13,574	13,482	12,610	17,790	30,752	19,297	11,762	17,346
Total revenues	\$ 105,903	119,523	139,568	134,444	131,445	161,351	171,623	155,680	185,004	221,349

(Continued)

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

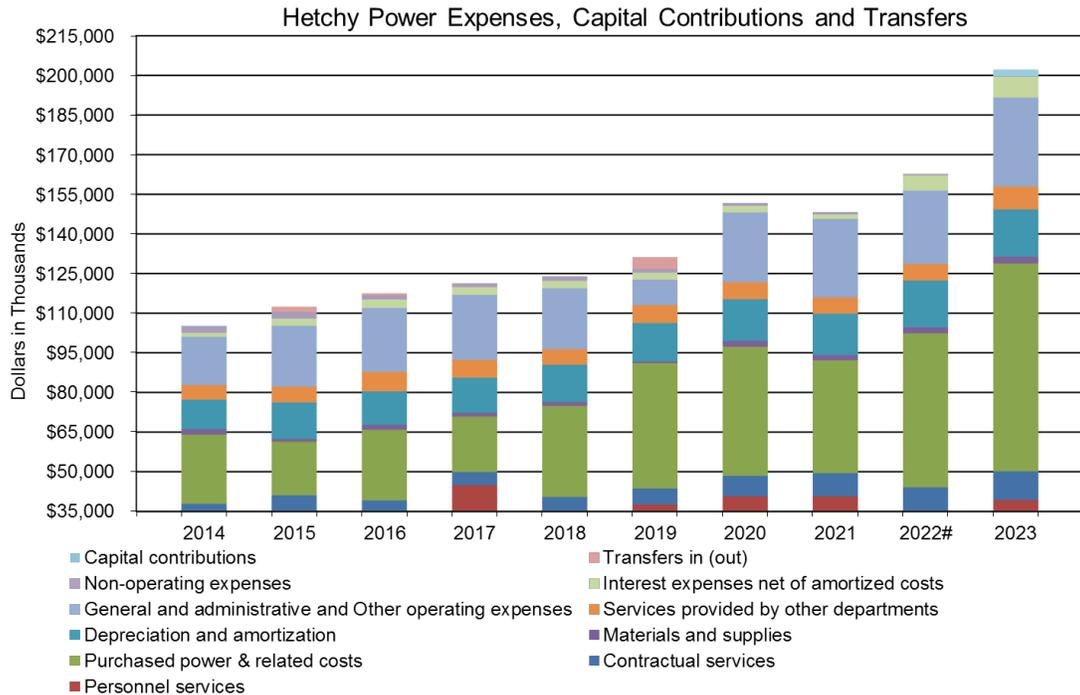


Financial Trends
Hetchy Power - Changes in Net Position
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Expenses:	2014	2015	2016	2017	2018	2019	2020	2021[^]	2022[#]	2023
Personnel services	\$ 33,762	33,240	33,632	44,961	34,950	37,583	40,712	40,756	34,646	39,300
Contractual services	4,063	7,852	5,493	4,916	5,526	6,086	7,742	8,705	9,459	10,819
Purchased power & related costs	26,215	20,296	26,792	20,970	34,435	47,437	48,831	42,693	58,252	78,658
Materials and supplies	2,075	1,039	1,849	1,510	1,541	672	2,260	1,990	2,270	2,612
Depreciation and amortization	11,128	13,785	12,639	13,225	14,049	14,484	15,723	15,650	17,769	17,877
Services provided by other departments	5,577	5,979	7,397	6,716	5,848	6,833	6,426	6,137	6,253	8,674
General and administrative and Other operating expenses	18,220	23,031	24,157	24,637	23,046	9,593	26,433	29,709	27,694	33,612
Subtotal operating expenses	101,040	105,222	111,959	116,935	119,395	122,688	148,127	145,640	156,343	191,552
Interest expenses	1,574	1,815	3,355	3,200	3,103	2,936	2,740	1,972	5,627	9,486
Amortization of premium, discount, and issuance costs	(28)	893	(122)	(255)	(248)	(237)	(228)	(219)	192	(1,584)
Non-operating expenses	2,485	2,494	1,676	1,408	1,727	1,365	1,060	902	591	227
Total expenses	105,071	110,424	116,868	121,288	123,977	126,752	151,699	148,295	162,753	199,681
Change in net position before capital contributions										
transfers and extraordinary item	832	9,099	22,700	13,156	7,468	34,599	19,924	7,385	22,251	21,668
Capital contributions *	202	—	—	—	—	—	—	—	—	2,535
Transfers in (out)	(38)	2,043	680	51	(425)	4,490	(32)	(532)	(532)	(32)
Extraordinary item: Rim fire — loss	(4,134)	—	—	—	—	—	—	—	—	—
Change in net position	(3,138)	11,142	23,380	13,207	7,043	39,089	19,892	6,853	21,719	24,171
Net position at beginning of year										
Beginning of year, as previously reported	379,284	376,146	366,523	389,903	401,686	406,626	445,715	465,607	472,460	494,179
Cumulative effect of accounting change	—	(20,765)~	—	—	(2,103)△	—	—	—	—	—
Less: CleanPowerSF beginning net position	—	—	—	(1,424)	—	—	—	—	—	—
Beginning of year as restated	<u>379,284</u>	<u>355,381</u>	<u>366,523</u>	<u>388,479</u>	<u>399,583</u>	<u>406,626</u>	<u>445,715</u>	<u>465,607</u>	<u>472,460</u>	<u>494,179</u>
Net position at end of year	\$ <u>376,146</u>	<u>366,523</u>	<u>389,903</u>	<u>401,686</u>	<u>406,626</u>	<u>445,715</u>	<u>465,607</u>	<u>472,460</u>	<u>494,179</u>	<u>518,350</u>

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.
[^]Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.
[△]Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.
[~]Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.
*Fiscal year 2014, Capital Contributions of \$202 was from the Department of Emergency Management.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 CleanPowerSF - Changes in Net Position
 Fiscal Years Ended 2017 to 2023
 (Dollars in Thousands)

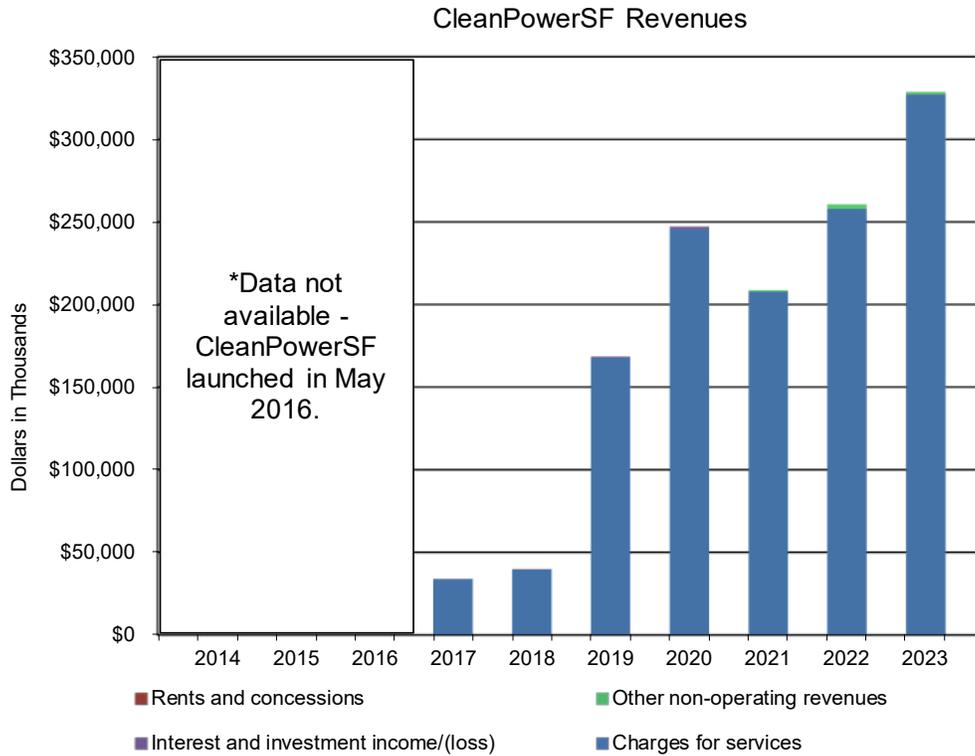
Revenues:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Charges for services	\$			33,867	39,568	167,820	245,460 [#]	207,698	257,893	326,777
Rents and concessions				—	—	—	—	—	—	—
Subtotal operating revenues				33,867	39,568	167,820	245,460	207,698	257,893	326,777
Interest and investment income/(loss)				89	174	735	1,771	51	(1,286)	405
Other non-operating revenues				4	1	—	1	927	2,759	1,498
Subtotal non-operating revenues				93	175	735	1,772	978	1,473	1,903
Total revenues	\$			33,960	39,743	168,555	247,232	208,676	259,366	328,680

(Continued)

[#]Fiscal year 2020, Increase in charges for services is due to completion of city-wide enrollment.

*Fiscal year 2016, CleanPowerSF was presented as part of Hetchy Power.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 CleanPowerSF - Changes in Net Position
 Fiscal Years Ended 2017 to 2023
 (Dollars in Thousands)

Expenses:	2014	2015	2016	2017	2018	2019	2020	2021 [^]	2022 [#]	2023			
Personnel services	\$			1,213	2,150	4,612	7,920	7,641	4,167	10,735			
Contractual services				1,141	2,166	4,786	7,557	6,678	6,780	6,559			
Purchased power & related costs				22,437	30,297	122,838	174,770	190,989	239,738	265,378			
Materials and supplies				1	—	51	57	26	33	57			
Depreciation and amortization				—	—	—	—	345	385	270			
Services provided by other departments				734	1,545	3,208	2,728	3,928	3,621	4,302			
General & administrative and other operating expenses				1,570	2,270	1,789	2,994	3,104	7,393	7,479			
Subtotal operating expenses				27,096	38,428	137,284	196,026	212,711	262,117	294,780			
Interest expenses				*Data not available - CleanPowerSF launched in May 2016.			70	101	130	69	26	6	1
Amortization of premium, discount, and issuance costs							—	—	—	—	—	—	—
Other non-operating expenses	—	—	—				—	—	—	218			
Total expenses	27,166	38,529	137,414				196,095	212,737	262,123	294,999			
Change in net position	6,794	1,214	31,141				51,137	(4,061)	(2,757)	33,681			
Net position at beginning of year	\$												
Beginning of year, as previously reported							1,424	8,218	8,860	40,001	91,138	87,077	84,320
Cumulative effect of accounting change							—	(572)	—	—	—	—	—
Beginning of year as restated							1,424	7,646	8,860	40,001	91,138	87,077	84,320
Net position at end of year							8,218	8,860	40,001	91,138	87,077	84,320	118,001

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

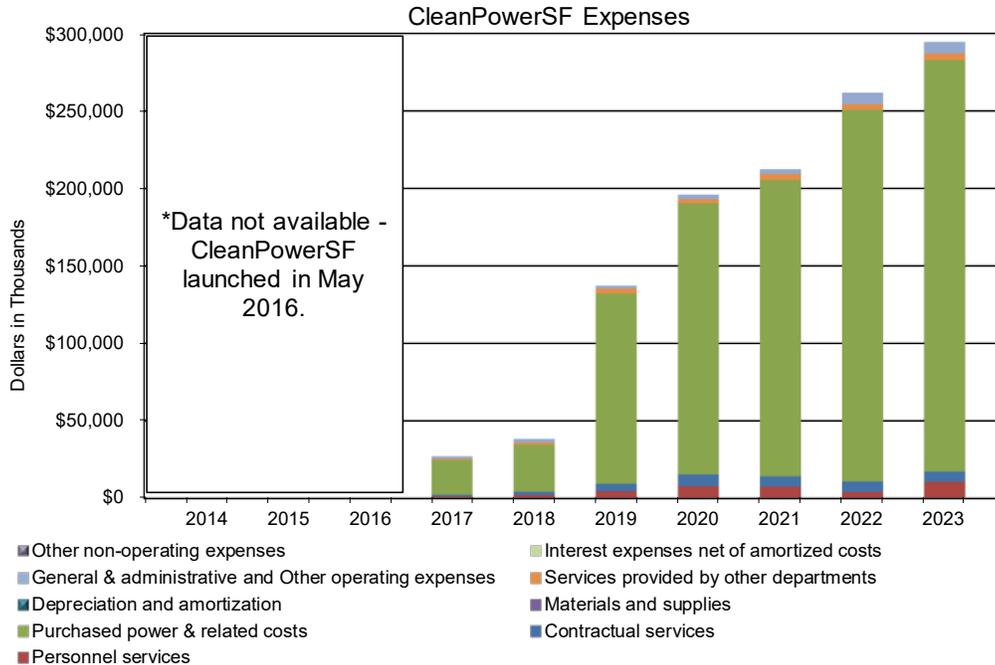
[^]Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

~Fiscal year 2020, Increase in purchased power and related costs was due to higher enrollment and electricity sales.

△Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

*Fiscal year 2016, CleanPowerSF was presented as part of Hetchy Power.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
 Department-wide - Summary of Net Position by Component
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

	2014	2015 *	2016	2017	2018 [△]	2019	2020	2021 [@]	2022 [#]	2023
Net investment in capital assets	\$ 1,769,815	1,859,439	2,011,814	1,979,445	2,087,816	2,147,756	2,194,130	2,271,638	2,230,525	2,336,792
Restricted for debt service	25,990	1,704	13,409	12,451	25,079	18,617	17,285	48,677	20,202	18,191
Restricted for capital projects	131,590	120,496	60,357	39,557	44,690	26,906	49,635	22,319	114,657	21,192
Restricted for other purposes	—	—	—	—	—	—	—	—	181,926	—
Unrestricted	422,234	243,812	205,642	194,337	113,340	264,891	440,681	395,476	276,465	625,211
Total net position	\$ 2,349,629	2,225,451	2,291,222	2,225,790	2,270,925	2,458,170	2,701,731	2,738,110	2,823,775	3,001,386

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

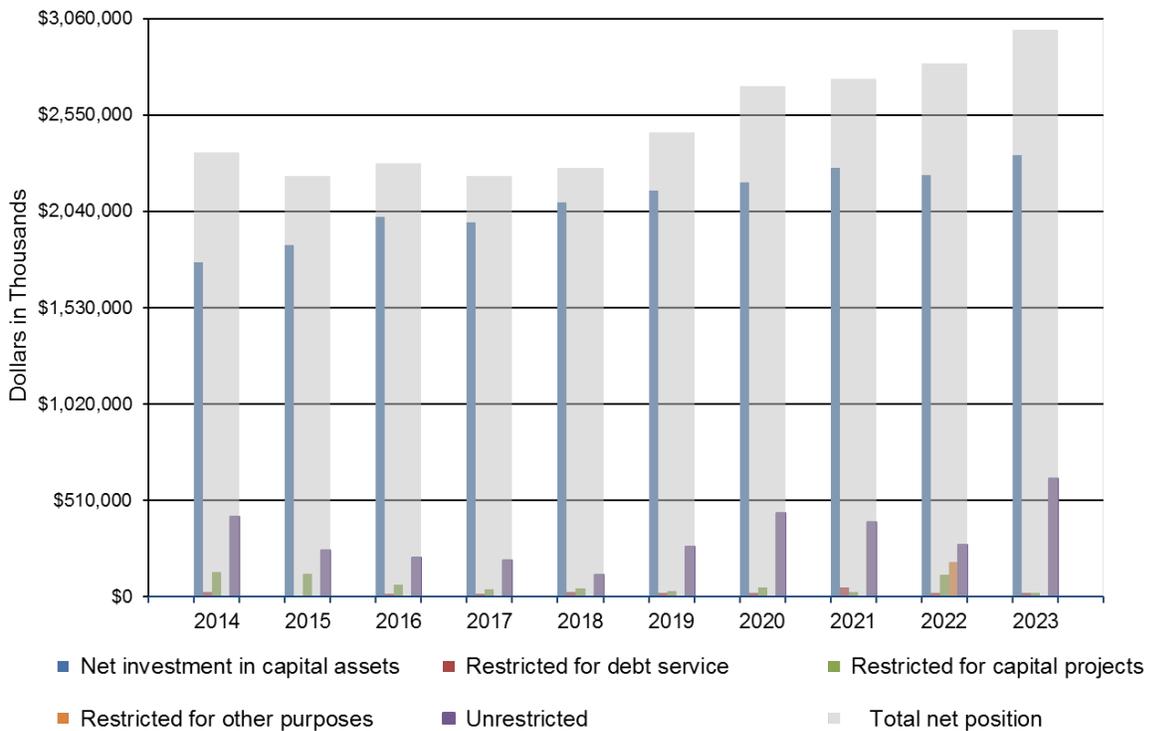
@Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

△Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

*Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Department-wide Net Position by Component



Financial Trends
Water - Summary of Net Position by Component
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015 *	2016	2017	2018 [△]	2019	2020	2021 [@]	2022 [#]	2023
Net investment in capital assets \$	366,799	425,073	543,327	495,868	504,476	563,457	527,856	517,302	584,646	545,542
Restricted for debt service	25,356	1,053	12,122	10,989	22,933	16,193	15,916	45,586	14,671	14,625
Restricted for capital projects	103,154	95,735	40,743	37,904	32,978	—	43,122	22,319	—	15,959
Restricted for other purposes	—	—	—	—	—	—	—	—	100,407	—
Unrestricted	158,903	74,604	26,476	(43,494)	(70,863)	(37,512)	54,121	66,157	(66,297)	115,947
Total net position \$	654,212	596,465	622,668	501,267	489,524	542,138	641,015	651,364	633,427	692,073

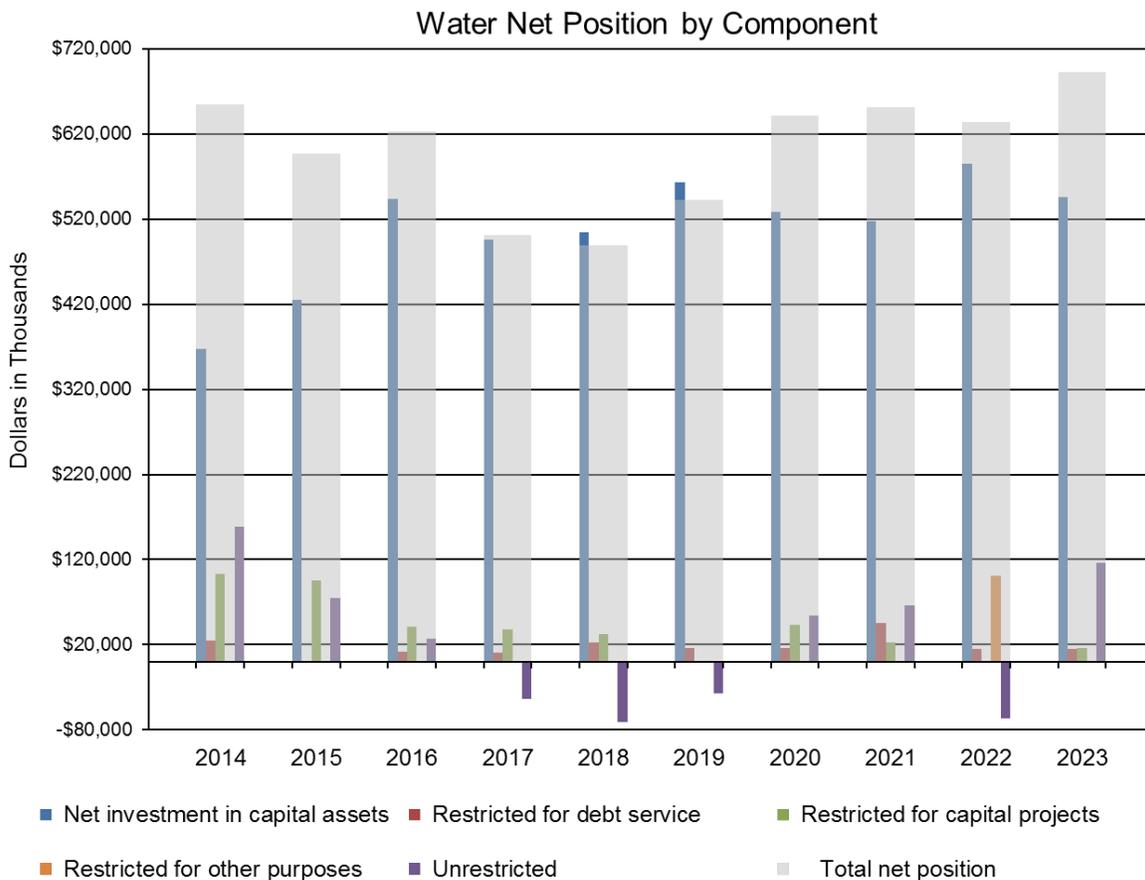
#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

@Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

△Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

*Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.



Financial Trends
Wastewater - Summary of Net Position by Component
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015[*]	2016	2017	2018[△]	2019	2020	2021[@]	2022[#]	2023
Net investment in capital assets	\$ 1,066,814	1,088,552	1,098,723	1,095,165	1,172,623	1,133,662	1,183,288	1,253,789	1,092,710	1,235,215
Restricted for debt service	634	349	981	977	1,312	1,279	1,227	2,992	5,391	3,510
Restricted for capital projects	22,929	20,327	18,205	1,653	—	18,505	—	—	114,657	—
Restricted for other purposes	—	—	—	—	—	—	—	—	48,770	—
Unrestricted	91,490	32,824	38,031	48,468	190	75,697	108,421	45,767	101,139	160,109
Total net position	\$ 1,181,867	1,142,052	1,155,940	1,146,263	1,174,125	1,229,143	1,292,936	1,302,548	1,362,667	1,398,834

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

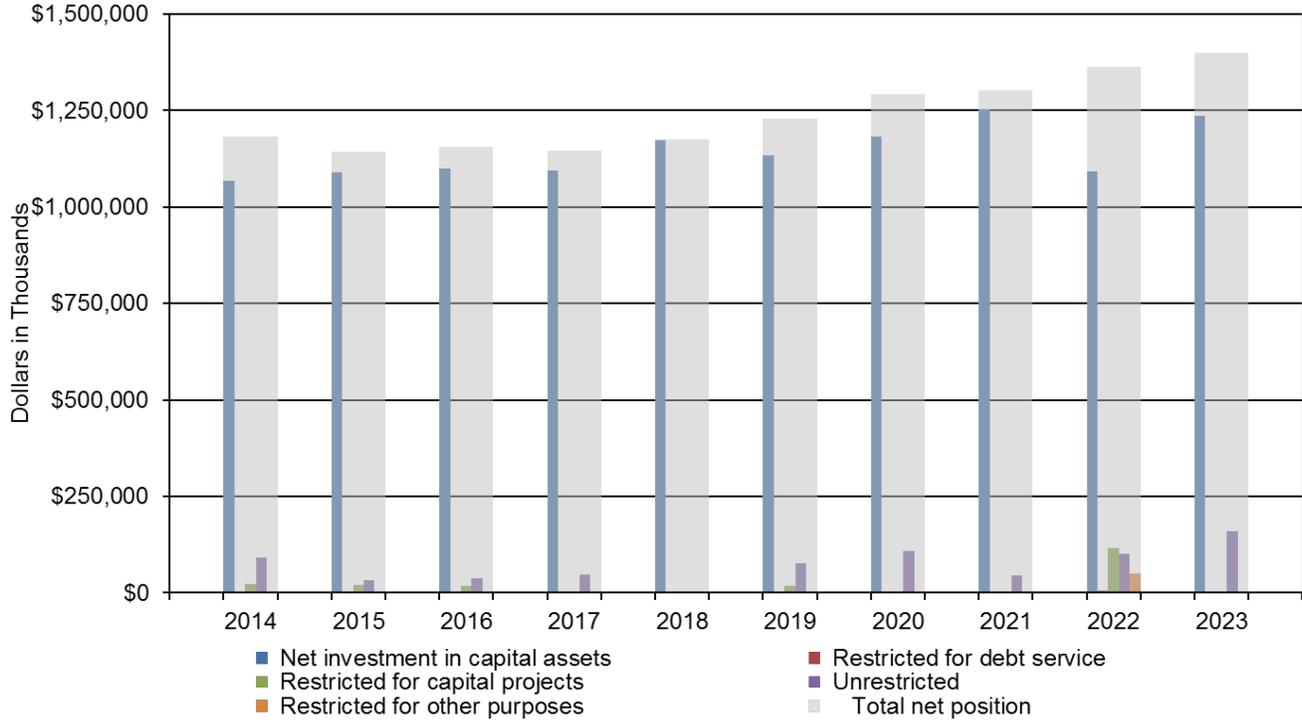
@Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

△Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

*Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Wastewater Net Position by Component



Financial Trends
 Hetchy Water - Summary of Net Position by Component
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

	2014	2015 *	2016	2017	2018 [△]	2019	2020	2021 [@]	2022 [#]	2023
Net investment in capital assets	\$ 95,186	104,330	113,867	127,731	139,799	149,103	160,782	177,481	201,007	219,754
Restricted for debt service	—	—	—	—	—	—	—	—	—	—
Restricted for capital projects	5,507	4,434	1,409	—	11,712	8,401	6,513	—	—	5,233
Restricted for other purposes	—	—	—	—	—	—	—	—	13,912	—
Unrestricted	36,711	11,647	7,435	40,625	40,279	43,669	43,740	47,180	34,263	49,141
Total net position	\$ 137,404	120,411	122,711	168,356	191,790	201,173	211,035	224,661	249,182	274,128

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

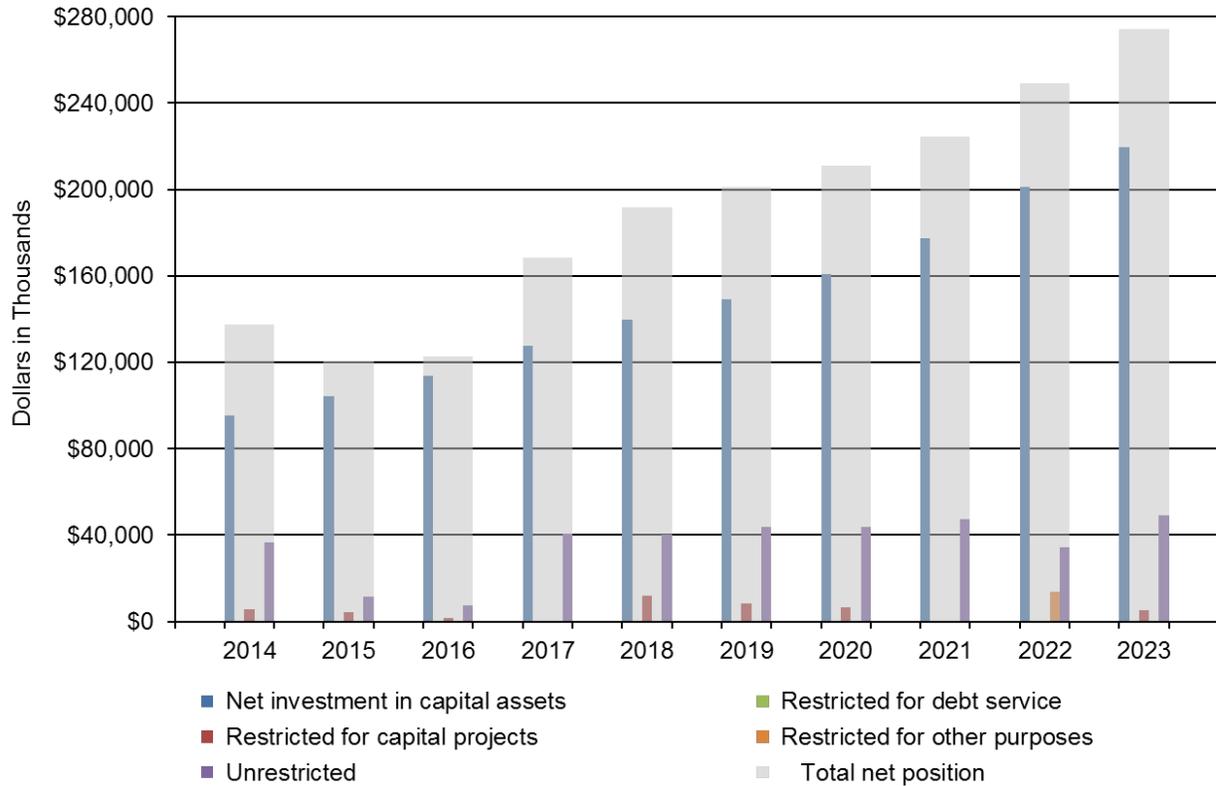
@Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

△Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

*Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Hetchy Water Net Position by Component



Financial Trends
 Hetchy Power - Summary of Net Position by Component
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

	2014	2015 *	2016	2017	2018 [△]	2019	2020	2021 [@]	2022 [#]	2023
Net investment in capital assets	\$ 241,016	241,484	255,897	260,681	270,918	301,534	322,204	323,066	352,162	336,281
Restricted for debt service	—	302	306	485	834	1,145	142	99	140	56
Restricted for capital projects	—	—	—	—	—	—	—	—	—	—
Restricted for other purposes	—	—	—	—	—	—	—	—	17,004	—
Unrestricted	135,130	124,737	133,700	140,520	134,874	143,036	143,261	149,295	124,873	182,013
Total net position	\$ 376,146	366,523	389,903	401,686	406,626	445,715	465,607	472,460	494,179	518,350

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

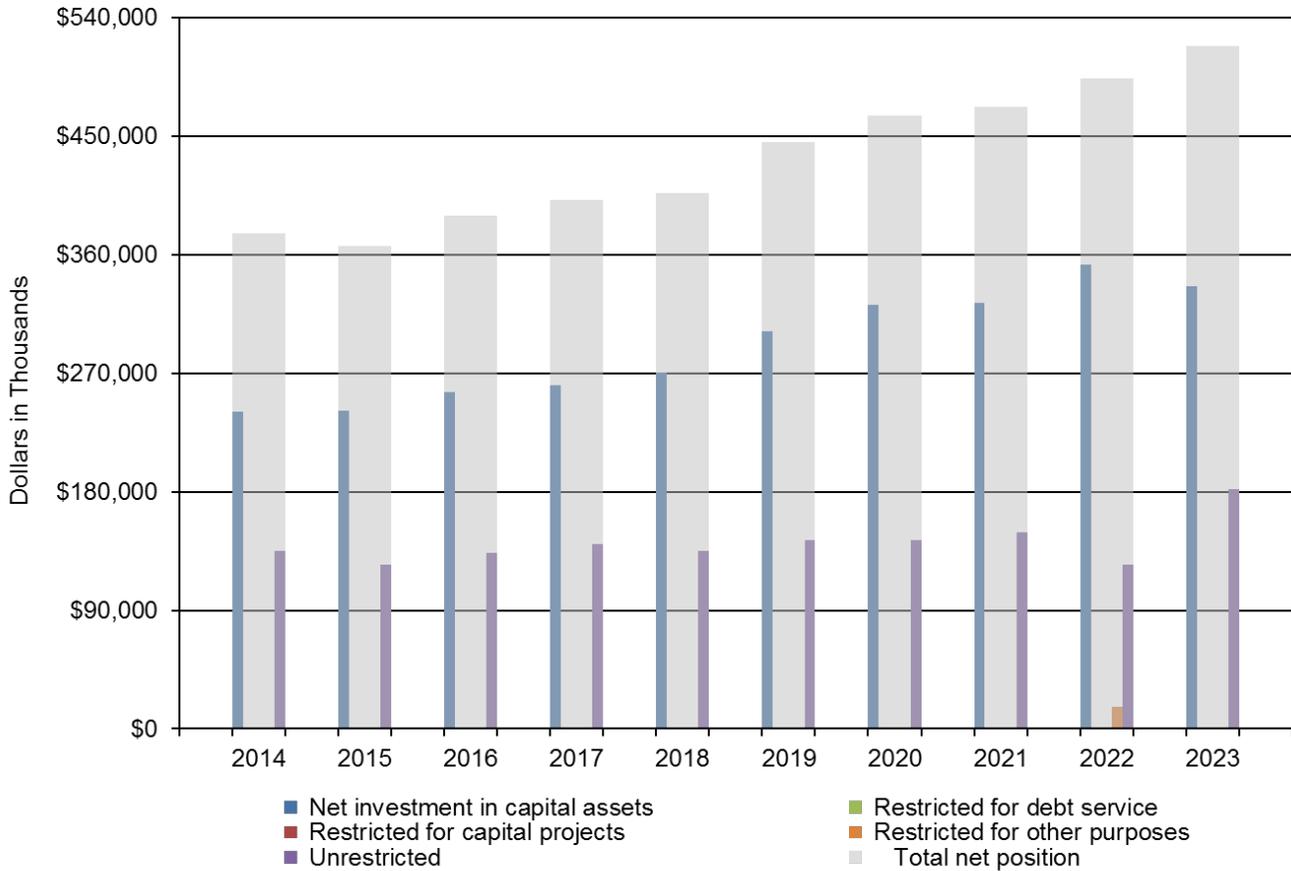
@Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

△Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

*Fiscal year 2015 implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Hetchy Power Net Position by Component



Financial Trends
 CleanPowerSF - Summary of Net Position by Component
 Fiscal Years Ended 2017 to 2023
 (Dollars in Thousands)

	2014	2015	2016	2017	2018 [△]	2019	2020 [^]	2021 [@]	2022 [#]	2023
Net investment in capital assets \$				—	—	—	—	—	—	—
Restricted for debt service				—	—	—	—	—	—	—
Restricted for capital projects				—	—	—	—	—	—	—
Restricted for other purposes				—	—	—	—	—	1,833	—
Unrestricted				8,218	8,860	40,001	91,138	87,077	82,487	118,001
Total net position \$				8,218	8,860	40,001	91,138	87,077	84,320	118,001

#Restated due to the implementation of GASB Statement No. 96, *Subscriptions-Based Information Technology Arrangements (SBITAs)*.

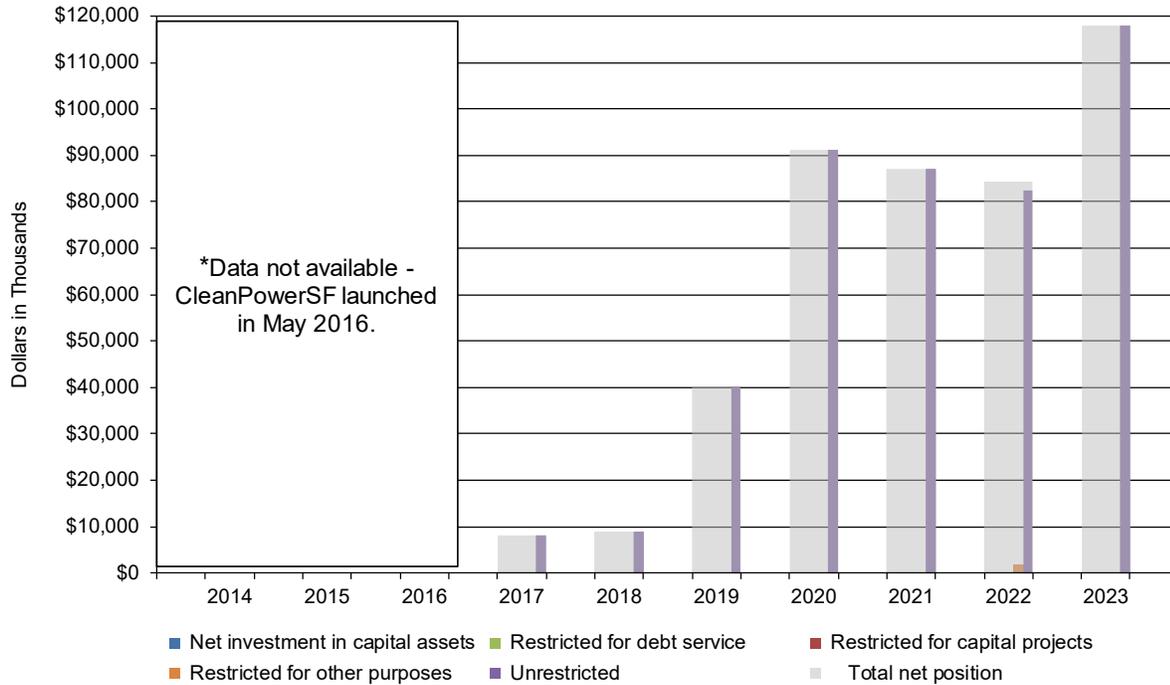
@Fiscal year 2021 implementation of GASB Statement No. 87, *Leases*.

[^]Fiscal year 2020, increase in Unrestricted Net Position is due to completion of city-wide enrollment.

[△]Fiscal year 2018 implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

CleanPowerSF Net Position by Component



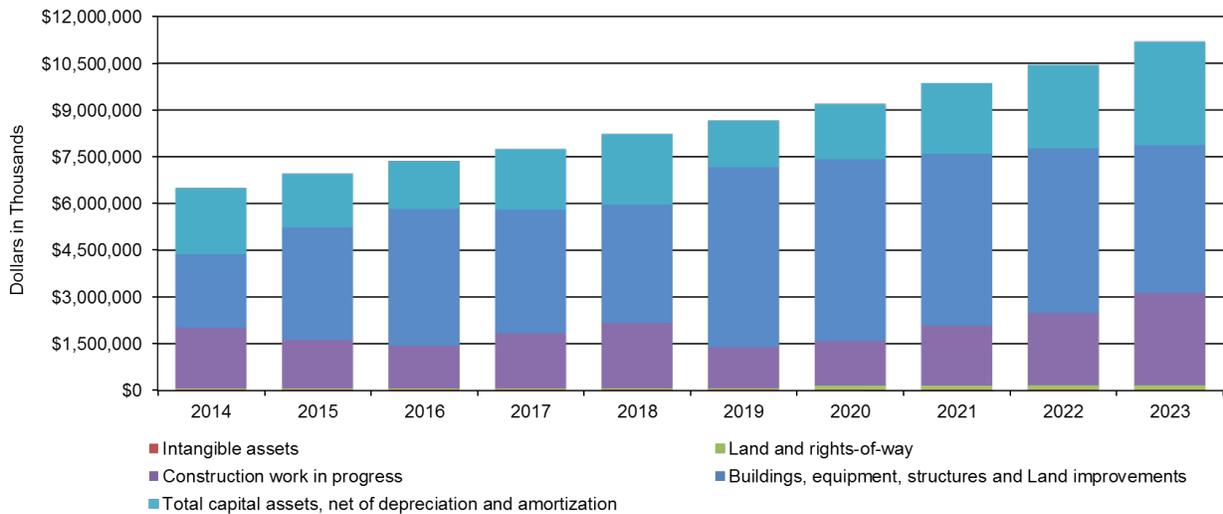
Financial Trends
 Department-wide Investments in Capital Assets
 Summary of Intangible Assets, Property, Plant and Equipment
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Buildings, equipment, structures and Land improvements	\$ 6,790,353	7,800,455	8,565,038	8,736,914	9,084,980	10,483,615	10,957,712	11,369,025	11,783,944	12,137,657
Less accumulated depreciation	(2,413,969)	(2,572,737)	(2,742,700)	(2,930,531)	(3,120,191)	(3,316,443)	(3,538,382)	(3,773,696)	(4,016,382)	(4,265,309)
Subtotal	4,376,384	5,227,718	5,822,338	5,806,383	5,964,789	7,167,172	7,419,330	7,595,329	7,767,562	7,872,348
Intangible assets, net of amortization*	39,122	38,885	36,674	34,904	36,956	34,853	32,528	35,102	34,731	33,816
Land and rights-of-way	67,290	67,213	67,213	67,301	70,947	71,228	155,089	154,001	163,194	163,075
Construction work in progress	2,012,810	1,625,592	1,436,187	1,841,297	2,161,089	1,387,840	1,592,097	2,079,754	2,485,201	3,130,427
Total capital assets, net of depreciation and amortization	\$ 6,495,606	6,959,408	7,362,412	7,749,885	8,233,781	8,661,093	9,199,044	9,864,186	10,450,688	11,199,666

*Include amortizable and non-amortizable intangible assets. Right-to-Use lease and subscription assets are reported separately from intangible assets see Notes 10 and 11 in financial section.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Department-wide Investments in Capital Assets



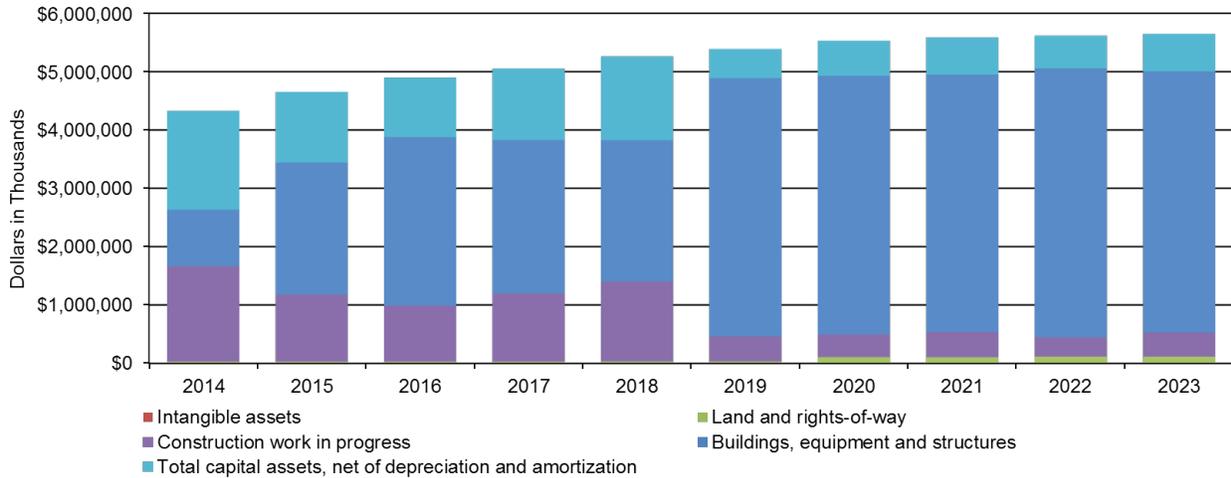
Financial Trends
Water - Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Buildings, equipment and structures \$	3,594,412	4,497,411	5,036,587	5,100,680	5,217,106	6,399,688	6,577,333	6,739,364	6,993,164	7,093,106
Less accumulated depreciation	(962,863)	(1,054,987)	(1,158,520)	(1,274,504)	(1,391,274)	(1,509,481)	(1,648,895)	(1,791,178)	(1,936,417)	(2,087,439)
Subtotal	2,631,549	3,442,424	3,878,067	3,826,176	3,825,832	4,890,207	4,928,438	4,948,186	5,056,747	5,005,667
Intangible assets, net of amortization*	6,896	7,244	5,843	4,671	7,321	5,816	4,089	2,763	3,152	2,331
Land and rights-of-way	26,811	26,811	26,811	26,777	30,029	30,029	105,336	104,248	113,441	113,322
Construction work in progress	1,662,294	1,176,805	987,780	1,195,840	1,400,051	462,606	492,682	532,602	444,254	526,994
Total capital assets, net of depreciation and amortization \$	4,327,550	4,653,284	4,898,501	5,053,464	5,263,233	5,388,658	5,530,545	5,587,799	5,617,594	5,648,314

*Include amortizable and non-amortizable intangible assets. Right-to-Use lease and subscription assets are reported separately from intangible assets see Notes 10 and 11 in financial section.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Water Investments in Capital Assets



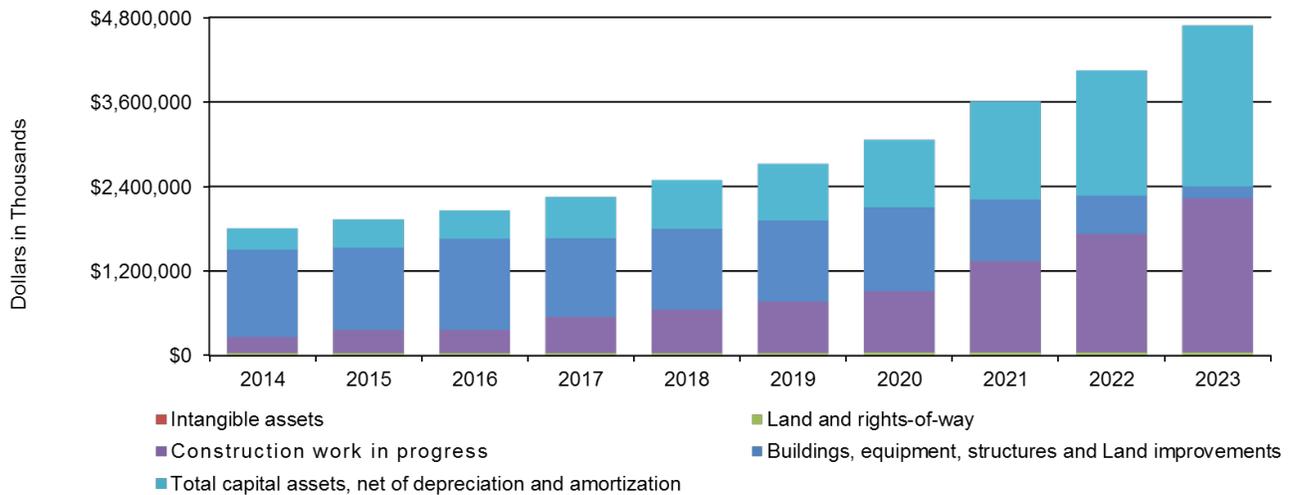
Financial Trends
Wastewater - Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Buildings, equipment, structures and Land improvements	\$ 2,588,575	2,665,863	2,842,648	2,904,499	3,094,871	3,271,188	3,520,624	3,702,375	3,832,594	4,036,536
Less accumulated depreciation	(1,085,418)	(1,134,843)	(1,185,275)	(1,240,172)	(1,295,323)	(1,354,209)	(1,416,292)	(1,488,148)	(1,562,239)	(1,636,752)
Subtotal	1,503,157	1,531,020	1,657,373	1,664,327	1,799,548	1,916,979	2,104,332	2,214,227	2,270,355	2,399,784
Intangible assets, net of amortization*	4,023	3,921	3,594	3,457	3,320	3,183	3,046	7,407	7,107	7,333
Land and rights-of-way	35,737	35,737	35,737	35,737	35,737	36,018	44,572	44,572	44,572	44,572
Construction work in progress	262,642	362,110	362,958	548,179	652,521	765,624	910,338	1,340,644	1,724,417	2,232,963
Total capital assets, net of depreciation and amortization	\$ 1,805,559	1,932,788	2,059,662	2,251,700	2,491,126	2,721,804	3,062,288	3,606,850	4,046,451	4,684,652

*Include amortizable and non-amortizable intangible assets. Right-to-Use lease and subscription assets are reported separately from intangible assets see Notes 10 and 11 in financial section.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Wastewater Investments in Capital Assets



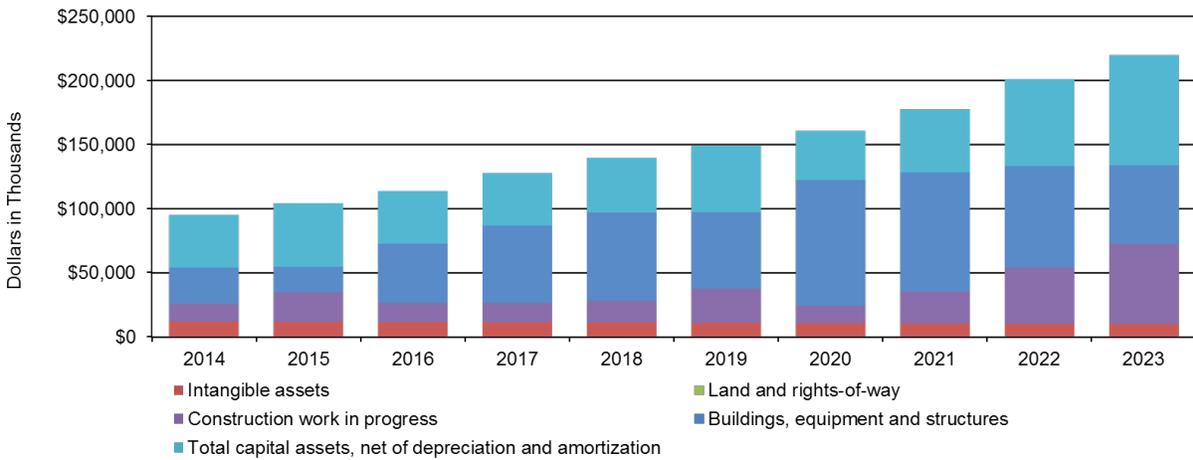
Financial Trends
 Hetchy Water - Investments in Capital Assets
 Summary of Intangible Assets, Property, Plant and Equipment
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Buildings, equipment and structures	\$ 216,910	221,345	242,936	261,139	276,177	281,562	311,783	323,486	334,499	341,203
Less accumulated depreciation	(162,724)	(166,546)	(170,199)	(174,352)	(179,139)	(184,312)	(189,350)	(195,151)	(201,236)	(207,298)
Subtotal	54,186	54,799	72,737	86,787	97,038	97,250	122,433	128,335	133,263	133,905
Intangible assets, net of amortization*	12,032	11,825	11,618	11,410	11,203	10,996	10,789	10,581	10,374	10,167
Land and rights-of-way	3,038	3,003	3,003	3,055	3,232	3,232	3,232	3,232	3,232	3,232
Construction work in progress	25,922	34,703	26,509	26,479	28,326	37,625	24,328	35,333	54,138	72,450
Total capital assets, net of depreciation and amortization	\$ 95,178	104,330	113,867	127,731	139,799	149,103	160,782	177,481	201,007	219,754

*Include amortizable and non-amortizable intangible assets. Right-to-Use lease and subscription assets are reported separately from intangible assets see Notes 10 and 11 in financial section.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Hetchy Water Investments in Capital Assets



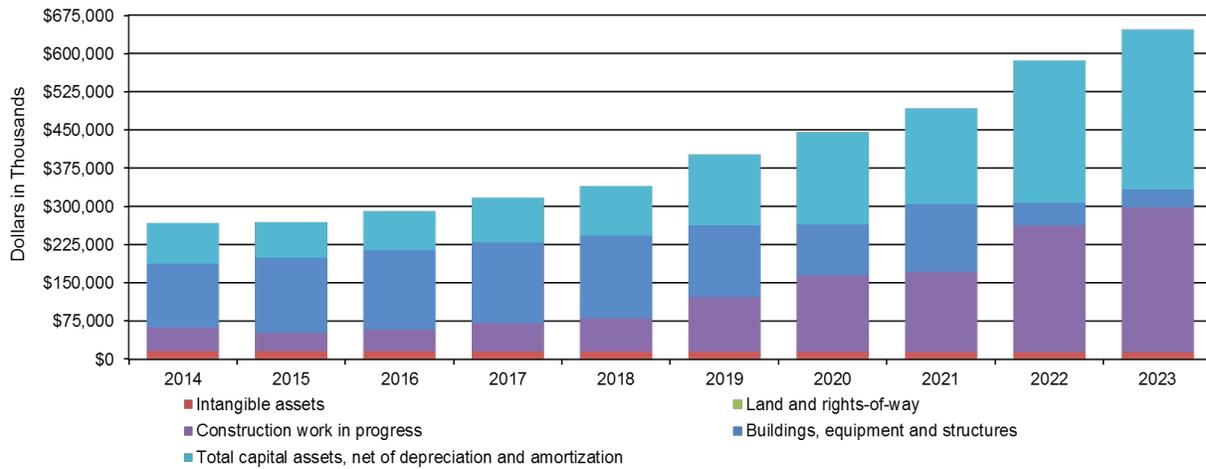
Financial Trends
Hetchy Power - Investments in Capital Assets
Summary of Intangible Assets, Property, Plant and Equipment
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Buildings, equipment and structures	\$ 390,456	415,836	442,867	470,596	496,826	531,177	547,972	603,800	623,687	666,812
Less accumulated depreciation	(202,964)	(216,361)	(228,706)	(241,503)	(254,455)	(268,441)	(283,845)	(299,219)	(316,490)	(333,820)
Subtotal	187,492	199,475	214,161	229,093	242,371	262,736	264,127	304,581	307,197	332,992
Intangible assets, net of amortization*	16,171	15,895	15,619	15,366	15,112	14,858	14,604	14,351	14,098	13,985
Land and rights-of-way	1,704	1,662	1,662	1,732	1,949	1,949	1,949	1,949	1,949	1,949
Construction work in progress	61,952	51,974	58,940	70,799	80,191	121,985	164,749	171,175	262,392	298,020
Total capital assets, net of depreciation and amortization	\$ 267,319	269,006	290,382	316,990	339,623	401,528	445,429	492,056	585,636	646,946

*Include amortizable and non-amortizable intangible assets. Right-to-Use lease and subscription assets are reported separately from intangible assets see Notes 10 and 11 in financial section.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Hetchy Power Investments in Capital Assets



Statistical Section

Revenue Capacity

Water Rates History

Wastewater Rates History

Hetchy Power Electric Rates History

CleanPowerSF Electric Rates History

Net Revenue and Debt Service Coverage

Revenue Capacity
Water Rate History
Fiscal Years Ended 2014 to 2023

Rates Per Hundred Cubic Feet

Fiscal Years Ended June 30	Retail							Wholesale			
	Service Charge (\$) ¹	Single-Family			Multiple-Family			Non-Residential		Volume Charge (\$/ccf)	% Increase/ (Decrease)
		Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf)	% Increase/ (Decrease)		
2014	8.40	4.20	5.50	6.5	4.50	5.90	6.9	5.40	5.9	2.45	(16.4)

Fiscal Years Ended June 30	Retail							Wholesale			
	Service Charge (\$) ¹	Single-Family			Multiple-Family			Non-Residential		Volume Charge (\$/ccf)	% Increase/ (Decrease)
		Volume Charge (\$/ccf) (0-4 ccf)	Volume Charge (\$/ccf) (over 4 ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf) (0-3 ccf)	Volume Charge (\$/ccf) (over 3 ccf)	% Increase/ (Decrease) ⁴	Volume Charge (\$/ccf)	% Increase/ (Decrease)		
2015 ^{2,3}	8.81	4.86	6.52	10.1	4.98	6.67	9.4	5.79	7.2	2.93	19.6
2016	9.87	5.45	7.31	12.1	5.58	7.48	12.1	6.49	12.1	3.75	28.0
2017	10.86	6.00	8.05	10.1	6.14	8.23	10.0	7.14	10.0	4.10	9.3
2018 ⁵	11.63	6.42	8.62	7.0	6.57	8.81	7.0	7.64	7.0	4.10	0.0
2019 ⁵	12.30	7.10	9.10	8.0	7.22	9.26	7.6	8.43	10.3	4.10	0.0
2020 ⁵	13.28	7.85	9.61	8.5	7.94	9.73	8.4	9.14	8.4	4.10	0.0
2021 ⁵	14.19	8.68	10.15	8.3	8.73	10.23	8.1	9.81	7.3	4.10	0.0
2022	15.17	9.60	10.71	8.4	9.60	10.76	8.1	10.55	7.5	4.10	0.0
2023 ⁶	15.17	10.08	11.25	4.0	10.08	11.30	3.6	11.08	5.0	4.75	15.9

¹Monthly service charge for 5/8" meter. Larger meter sizes charged at different rates.

²Rates approved on May 13, 2014.

³Effective July 1, 2015, the Single-Family Residential Tier 1 changed from 0-3 ccf to 0-4 ccf.

⁴The percentage increase/(decrease) is based on an average monthly bill of 6 ccf for Single-Family and 4 ccf for Multiple-Family.

⁵Rates approved on May 8, 2018.

⁶Up to 5% temporary drought surcharge due to water shortage declaration was added to retail volume charge and effective through April 2023. The temporary drought surcharge was in effect starting April 2022 but not shown for fiscal year 2022 as it was only in effect for April-June 2022.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports and Rate Schedules.

Revenue Capacity
Wastewater Rate History
 Fiscal Years Ended 2014 to 2023

Rates Per Hundred Cubic Feet

Rates Per Hundred Cubic Feet										
	Single-Family			Multiple-Family			Non-Residential			
Fiscal Years Ended	Volume Charge (\$/ccf)	Volume Charge (\$/ccf)	% Increase/Decrease³	Volume Charge (\$/ccf)	Volume Charge (\$/ccf)	% Increase/Decrease³	Volume Charge (\$/ccf)	Chemical Oxygen Demand Charge (\$/lb)	Suspended Solids Charge (\$/lb)	Oil and Grease Charge (\$/lb)
June 30	(0-3 ccf)	(over 3 ccf)	(Decrease)³	(0-3 ccf)	(over 3 ccf)	(Decrease)³	(\$/ccf)	Charge (\$/lb)	Charge (\$/lb)	Charge (\$/lb)
2014	7.90	10.53	5.0	8.25	11.01	5.0	6.62	0.22	0.89	1.11
Rates Per Hundred Cubic Feet										
	Single-Family			Multiple-Family			Non-Residential			
Fiscal Years Ended	Volume Charge (\$/ccf)	Volume Charge (\$/ccf)	% Increase/Decrease³	Volume Charge (\$/ccf)	Volume Charge (\$/ccf)	% Increase/Decrease³	Volume Charge (\$/ccf)	Chemical Oxygen Demand Charge (\$/lb)	Suspended Solids Charge (\$/lb)	Oil and Grease Charge (\$/lb)
June 30	(0-4 ccf)	(over 4 ccf)	(Decrease)³	(0-3 ccf)	(over 3 ccf)	(Decrease)³	(\$/ccf)	Charge (\$/lb)	Charge (\$/lb)	Charge (\$/lb)
2015 ^{1,2}	9.06	11.23	6.1	9.24	11.48	10.0	6.15	0.44	0.83	0.87
2016	9.82	11.34	6.9	9.95	11.51	5.8	6.45	0.46	0.87	0.91
2017	10.84	11.66	9.0	10.91	11.75	7.9	6.90	0.49	0.93	0.97
2018 ⁴	12.40	12.40	12.2	12.40	12.40	11.8	7.66	0.55	1.03	1.08
Rates Per Hundred Cubic Feet										
	Single-Family			Multiple-Family			Non-Residential			
Fiscal Years Ended	Service Charge (\$)⁵	Volume Charge (\$/ccf)	% Increase/Decrease³	Volume Charge (\$/ccf)	% Increase/Decrease³	Volume Charge (\$/ccf)	Chemical Oxygen Demand Charge (\$/lb)	Suspended Solids Charge (\$/lb)	Oil and Grease Charge (\$/lb)	
June 30	(\$/ccf)⁵	(\$/ccf)	(Decrease)³	(\$/ccf)	(Decrease)³	(\$/ccf)	Charge (\$/lb)	Charge (\$/lb)	Charge (\$/lb)	
2019 ⁶	0.98	13.06	4.5	13.06	3.5	7.84	0.52	1.30	1.33	
2020 ⁶	2.19	13.88	6.6	13.88	5.3	8.29	0.56	1.41	1.42	
2021 ⁶	3.60	14.89	9.1	14.89	7.4	8.86	0.60	1.53	1.54	
2022 ^{6,7}	5.21	15.97	8.9	15.97	9.5	9.46	0.65	1.65	1.66	
2023	5.21	16.75	4.6	16.75	4.5	9.93	0.68	1.73	1.74	

¹Effective July 1, 2015, the Single-Family Residential Tier 1 rate structure changed from 0-3 ccf to 0-4 ccf.

²Four years of rates were approved on May 13, 2014.

³The percentage increase/(decrease) is based on an average monthly bill of 5.4 ccf for Single-Family (based on a 90% flow factor) and 3.8 ccf for Multiple-Family (based on a 95% flow factor).

⁴Effective July 1, 2017, no tiers for wastewater volumetric charges for single-family and multi-family residential wastewater.

⁵Effective July 1, 2018, all wastewater customers pay a monthly service charge per account.

⁶Rates approved on May 22, 2018.

⁷Up to 5% temporary drought surcharge due to water shortage declaration was added to retail volume charge and effective through April 2023. The temporary drought surcharge was in effect starting April 2022 but not shown for fiscal year 2022 as it was only in effect for April-June 2022.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports and Rate Schedules.

Revenue Capacity
 Hetchy Power Electric Rate History
 Fiscal Years Ended 2014 to 2023

Rates Per Kilowatt Hour	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential*										
Residential Services - Multi-family	\$ 0.20052	0.20526	0.21784	0.23073	0.22894	0.23298	0.26429	0.28308	0.33772	0.35571
Residential - Public Power										
Tier 1	0.11200	0.11451	0.11705	0.13391	0.14198	0.14610	0.14868	0.15537	0.17781	0.20880
Tier 2	0.12733	0.13018	0.13306	0.15222	0.16139	0.16607	0.16900	0.17661	0.20211	0.25056
Tier 3	0.26065	0.26649	0.27238	0.31160	0.33037	0.33995	0.34595	0.36153	0.41372	0.37584
Commercial										
Small General Service	0.19717	0.21152	0.22560	0.23020	0.23786	0.24931	0.26884	0.27749	0.32523	0.33903
Medium General Demand-Metered Service	0.17573	0.18503	0.19667	0.20346	0.21265	0.21889	0.23721	0.24167	0.30162	0.31870
Medium General Demand-Metered TOU** Service	0.13953	0.14761	0.15049	0.15893	0.16176	0.16709	0.18735	0.18959	0.23972	0.24666
Industrial										
Service to Customers with equal to or greater than Demand of 1,000 Kilowatts or More - Secondary Voltage	0.14434	0.15216	0.15969	0.16868	0.17553	0.18279	0.19804	0.19537	0.23230	0.26114
Service to Customers with equal to or greater than Demand of 1,000 Kilowatts or More - Primary Voltage	0.13169	0.13908	0.14498	0.15229	0.15874	0.16466	0.17774	0.17627	0.22023	0.23647
Service to Customers with equal to or greater than Demand of 1,000 Kilowatts or More - Transmission Voltage	0.10383	0.10608	0.10743	0.11719	0.12501	0.12786	0.14240	0.13414	0.18171	0.19384
General Fund City Departments#	0.04750	0.05750	0.06750	0.07250	0.07750	0.07377	0.07877	0.08877	0.09877	0.10877
Streetlights	0.13840	0.15045	0.15712	0.15874	0.16451	0.17354	0.18693	0.18754	0.23439	0.25629
Traffic Signals	0.14762	0.15866	0.17187	0.18018	0.18432	0.18945	0.20194	0.19768	0.20413	0.25923

*Residential rates include master-metered multi-family services (EM) and multi-family services (ES). Tiers for Residential Public Power vary between Winter and Summer months.

**TOU stands for time-of-use.

#Prior to fiscal year 2019, the General Fund rate shown was one of six rates being charged to customers. In fiscal year 2019, the six rates were consolidated into one, which was set to a ½ cent per kWh increase from the weighted average of the six prior rates. The decrease in fiscal year 2019 is a function of the change in what this line item represents – rates did not decrease. Starting fiscal year 2023, City departments are assigned to a rate schedule based on the customer class (small commercial, industrial, etc.).

The rates shown for each year are average rates per kWh charged in the months including June for residential, commercial, and industrial rates. Rates are subject to change at any time.

Source: San Francisco Public Utilities Commission Rates Schedules and Fees and PG&E electric rates schedules.

Revenue Capacity
CleanPowerSF Electric Rate History
Fiscal Years Ended 2016 to 2023

Rates per Kilowatt-hour	2014	2015	2016	2017	2018	2019	2020	2021*	2022	2023
Residential										
E-1 (Green)			0.07267	0.07267	0.06836	0.07163	0.08235	0.06918	N/A	N/A
E-1 (SuperGreen)			0.09267	0.09267	0.08836	0.08663	0.09235	0.07918	N/A	N/A
E-6 (Green)			0.06719	0.06693	0.05868	0.06612	0.08197	0.06935	N/A	N/A
E-6 (SuperGreen)			0.08719	0.08693	0.07868	0.08112	0.09197	0.07935	N/A	N/A
E-TOUA (Green)			N/A	0.06801	0.06283	0.06548	0.07702	N/A	N/A	N/A
E-TOUA (SuperGreen)			N/A	0.08801	0.08283	0.08048	0.08702	N/A	N/A	N/A
E-TOUB (Green)			N/A	0.06819	0.06285	0.06460	0.07598	0.06223	N/A	N/A
E-TOUB (SuperGreen)			N/A	0.08819	0.08285	0.07960	0.08598	0.07223	N/A	N/A
E-TOUC* (Green)			N/A	N/A	N/A	0.07010	0.07913	0.06449	N/A	N/A
E-TOUC* (SuperGreen)			N/A	N/A	N/A	0.08510	0.08913	0.07449	N/A	N/A
EVA (Green)			0.05837	0.05822	0.05350	0.05358	0.06526	N/A	N/A	N/A
EVA (SuperGreen)			0.07837	0.07822	0.07350	0.06858	0.07526	N/A	N/A	N/A
EVB (Green)			N/A	0.04747	0.04263	0.03889	0.04692	0.06154	N/A	N/A
EVB (SuperGreen)			N/A	0.06747	0.06263	0.05389	0.05692	0.07154	N/A	N/A
Green									0.09112	0.11766
SuperGreen									0.10112	0.12766
Non-Residential										
Small Commercial Green									0.08833	0.10927
Small Commercial SuperGreen									0.09583	0.11427
Medium Commercial Green									0.09415	0.11186
Medium Commercial SuperGreen									0.09915	0.11686
Large Commercial Green									0.08003	0.10192
Large Commercial SuperGreen									0.08503	0.10692
Industrial Green									0.07752	0.09596
Industrial SuperGreen									0.08502	0.10096
Streetlights Green									0.07434	0.10420
Streetlights SuperGreen									0.08184	0.10920
Outdoor Lighting Green									0.07999	0.10980
Outdoor Lighting SuperGreen									0.08749	0.11480
Agriculture Green									0.06277	0.08831
Agriculture SuperGreen									0.07027	0.09331
Commercial										
A-1 (Green)			0.07772	0.07740	0.07447	0.07919	0.08011	0.06498	N/A	N/A
A-1 (SuperGreen)			0.09772	0.09740	0.08847	0.08919	0.08761	0.07248	N/A	N/A
A-1X (Green)			0.07770	0.07751	0.07509	0.07954	0.08184	0.06600	N/A	N/A
A-1X (SuperGreen)			0.09770	0.09751	0.08909	0.08954	0.08934	0.07359	N/A	N/A
A-6 (Green)			0.08883	0.08820	0.08631	0.09491	0.10079	0.09359	N/A	N/A
A-6 (SuperGreen)			0.10883	0.10820	0.10031	0.10491	0.10829	0.10109	N/A	N/A
A-10S (Non Time of Use - Green)			0.07940	0.07940	0.07674	0.08355	0.08252	0.06828	N/A	N/A
A-10S (Non Time of Use - SuperGreen)			0.09940	0.09940	0.09074	0.08855	0.08752	0.07328	N/A	N/A
A-10SX (Time of Use - Green)			0.07899	0.07813	0.07579	0.08322	0.08185	0.06671	N/A	N/A
A-10SX (Time of Use - SuperGreen)			0.09899	0.09813	0.08979	0.08822	0.08685	0.07171	N/A	N/A
E-19S (Green)			0.07925	0.07853	0.07658	0.08336	0.08010	0.06392	N/A	N/A
E-19S (SuperGreen)			0.09925	0.09853	0.09058	0.08836	0.08510	0.06892	N/A	N/A
E-19SV (Green)			0.07368	0.07304	0.07104	0.07670	0.07387	0.06150	N/A	N/A
E-19SV (SuperGreen)			0.09368	0.09304	0.08504	0.08170	0.07887	0.06650	N/A	N/A
E-20P (Green)			0.07005	0.06895	0.06729	0.07300	0.06958	N/A	N/A	N/A
E-20P (SuperGreen)			0.09005	0.08895	0.08129	0.08300	0.07708	N/A	N/A	N/A
E-20S (Green)			0.07502	0.07395	0.07167	0.07774	0.07434	0.06282	N/A	N/A
E-20S (SuperGreen)			0.09502	0.09395	0.08567	0.08774	0.08184	0.07032	N/A	N/A

Data not available - CleanPowerSF launched in May 2016.

**New rate classification starting fiscal year 2022

The rates shown for each year are the average rates per kWh calculated by the SFPUC and PG&E in its Joint Rate Comparisons prepared in fiscal years 2016 to 2021. Each average rate is calculated using the energy consumption (and if applicable, demand) of a typical customer on that rate schedule in San Francisco and the rates in place during each reported fiscal year.

*Rate E-TOUC was a new rate beginning fiscal year 2019, and therefore was not included in the Joint Rate Comparison. The same methodology to calculate average rate was applied.

#Fiscal year 2021, Rates E-TOU-A and EVA are closed as of January 2021. Rate E-20P was not included due to lack of data to provided average rate.

**N/A due to new rate classification for fiscal year 2022. Fiscal year 2022 rates updated.

May exclude new rates due to insufficient data for average rate calculation.

Source: San Francisco Public Utilities Commission and PG&E Joint Rate Comparisons. Starting fiscal year 2022, SFPUC CleanPowerSF Management Report.

Revenue Capacity
Water - Net Revenue and Debt Service Coverage
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021[#]	2022	2023
Operating, other and investment revenue	\$ 390,789	431,836	423,111	464,662	532,087	558,041	593,868	581,141	565,317	705,443
Less operating, other and maintenance expenses	(333,555)	(296,950)	(314,786)	(421,827)	(370,147)	(357,094)	(398,117)	(448,690)	(401,634)	(438,837)
Adjustment to investing activities ¹	(2,438)	732	635	111	(1,245)	(4,821)	(516)	3,846	13,050	(2,015)
Depreciation and non-cash expenses	95,355	98,192	107,268	121,375	119,624	122,248	148,294	150,257	151,114	164,817
Changes in working capital	46,088	(37,175)	(11,062)	63,520	31,060	(11,073)	(20,763)	24,707	(42,906)	(124,668)
Appropriated fund balance	—	—	23,994	10,747	1,452	4,318	17,181	27,785	21,977	67,949
Net revenue ⁴	196,239	196,635	229,160	238,588	312,831	311,619	339,947	339,046	306,918	372,689
Other available funds ²	287,522	248,390	162,733	155,852	186,752	221,362	241,931	128,692	103,506	194,075
Funds available for revenue debt service	\$ 483,761	445,025	391,893	394,440	499,583	532,981	581,878	467,738	410,424	566,764
Revenue debt service ³	\$ 141,325	192,312	219,195	207,812	233,959	261,638	269,210	248,427	279,352	307,062
Revenue debt service coverage	3.42	2.31	1.79	1.90	2.14	2.04	2.16	1.88	1.47	1.85

¹Adjustment of investing activities and non-operating revenues to a cash basis.

²As per the Indenture, in addition to current year cash flow, the coverage calculation permits the inclusion of all funds except for Trust and Agency Fund not budgeted to be spent in such months and legally available to pay debt service.

³Revenue debt service is calculated net of capitalized interest and federal interest subsidy the Commission is scheduled to receive during the 12-month period ending June 30 for any series of bonds.

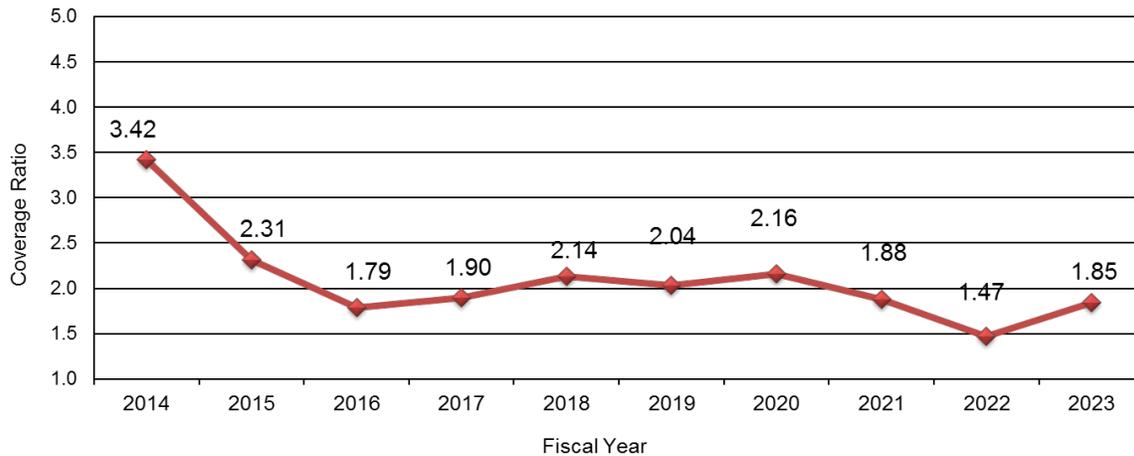
⁴Net revenues beginning fiscal years 2016 includes appropriated available funds.

Starting in fiscal year 2022, certain types of non-operating revenue is included in net revenue.

#Starting fiscal year 2021, Treasure Island revenue and expenses are excluded from debt service coverage.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports.

Water Revenue Debt Service Coverage



Revenue Capacity
Wastewater - Net Revenue and Debt Service Coverage
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021 [#]	2022	2023
Operating, other and investment revenue	\$ 262,497	257,209	262,960	279,668	317,413	351,782	356,265	325,008	360,756	365,667
Less operating, other and maintenance expenses	(216,340)	(216,485)	(221,553)	(244,220)	(238,906)	(259,813)	(262,259)	(290,737)	(255,010)	(254,283)
Adjustment to investing activities ¹	(601)	127	(12)	251	(489)	(8,047)	2,950	4,356	8,422	2,392
Depreciation and non-cash expenses	50,717	51,773	56,285	57,998	60,072	68,568	68,603	78,368	77,806	84,450
Changes in working capital	12,908	3,923	2,404	26,292	18,336	(2,125)	523	(8,596)	(36,470)	(19,376)
Net revenue ³	109,181	96,547	100,084	119,989	156,426	150,365	166,082	108,399	155,504	178,850
Other available funds ²	109,807	134,413	139,847	131,554	153,596	103,281	215,722	197,778	155,331	134,593
Funds available for revenue debt service	\$ 218,988	230,960	239,931	251,543	310,022	253,646	381,804	306,177	310,835	313,443
Revenue debt service*	\$ 48,932	48,878	60,022	48,769*	47,003	60,347	62,797	82,066	86,619	98,811
Revenue debt service coverage	4.48	4.73	4.00	5.16	6.60	4.20	6.08	3.73	3.59	3.17

¹Adjustment of investing activities and non-operating revenues to a cash basis.

²As per the Indenture, in addition to current year cash flow, the coverage calculation permits the inclusion of all funds except for Trust and Agency Fund not budgeted to be spent in such 12 months and legally available to pay debt service.

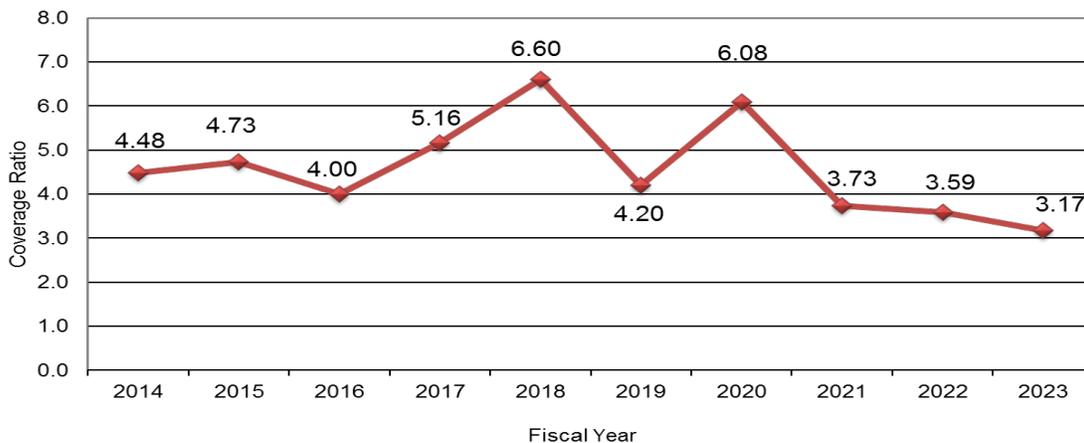
³State revolving fund loan for Sewer System Improvement projects (starting fiscal year 2019) have the same seniority as revenue bonds. Starting in fiscal year 2022, certain types of non-operating revenue is included in net revenue.

#Starting fiscal year 2021, Treasure Island revenue and expenses are excluded from debt service coverage.

*In fiscal year 2018 Wastewater financial statements, fiscal year 2017 revenue debt service is presented gross of capitalized interest, \$60,407.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports.

Wastewater Revenue Debt Service Coverage



Revenue Capacity
Hetchy Power - Net Revenue and Debt Service Coverage
Fiscal Years Ended 2015 to 2023
(Dollars in Thousands)

	2014	2015	2016	2017	2018	2019	2020	2021 [#]	2022	2023
Operating, other and investment revenue	\$	117,704	122,954	122,187	122,251	152,873	151,835	142,696	176,896	208,887
Less operating, other and maintenance expenses		(105,222)	(110,012)	(116,935)	(119,395)	(122,688)	(148,127)	(139,566)	(142,716)	(181,769)
Adjustment to investing activities*		(8)	11	29	419	(2,606)	101	1,902	3,297	(15)
Depreciation and non-cash expenses		17,654	15,331	14,208	14,131	14,604	27,470	23,037	18,351	20,714
Changes in working capital		7,037	(9,214)	11,740	13,281	(2,386)	3,243	(18,641)	(2,702)	3,785
Low Carbon Fuel Standard revenue		—	—	—	—	—	6,920	1,181	1,184	593
Net revenue ¹		37,165	19,070	31,229	30,687	39,798	41,442	10,609	54,310	52,195
Other available funds [△]		14,031	13,974	32,199	36,525	31,215	39,119	23,569	44,315	110,204
Funds available for revenue debt service	\$	51,196	33,044	63,428	67,212	71,013	80,561	34,178	98,625	162,399
Revenue debt service**	\$	N/A	N/A	N/A	2,570	2,569	2,568	2,567	2,565	2,567
Revenue debt service coverage		N/A	N/A	N/A	26.15	27.64	31.37	13.31	38.45	63.29

Not Applicable (N/A) debt service for CREBs, QECBs and NCREBs, is subordinate in lien pursuant to Power's Master Trust Indenture dated May 1, 2015.

¹Certain types of non-operating revenue is included in net revenue.

*Adjustment of investing activities and non-operating revenues to a cash basis.

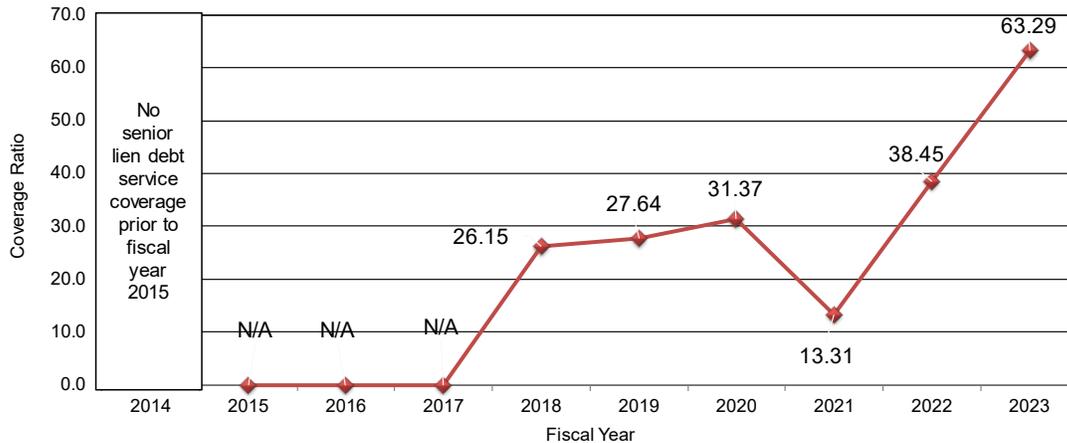
**Series 2015 AB power revenue bonds senior lien debt service is capitalized through fiscal year 2018. So there is no basis for calculating debt service coverage from fiscal years 2015 to 2017.

[△]Starting fiscal year 2019, other available funds are calculated based on percentage of unrestricted net position due to implementation of new financial system, PeopleSoft. Fiscal year 2018 and prior, fund equity was determined by financial activities in the general ledger fund equity account, however it is no longer available in PeopleSoft.

#Starting fiscal year 2021, Treasure Island revenue and expenses are excluded from debt service coverage.

Source: San Francisco Public Utilities Commission Annual Disclosure Reports.

Hetchy Power Revenue Debt Service Coverage



Statistical Section

Debt Capacity

Debt Ratings

Summary of Debt Outstanding

History of Outstanding Debt by Type

Department-wide – Future Principal and Interest Payments for Debt Issues

Water – Future Principal and Interest Payments for Debt Issues

Wastewater – Future Principal and Interest Payments for Debt Issues

Hetchy Power – Future Principal and Interest Payments for Debt Issues

Debt Capacity
Debt Ratings
As of June 30, 2023

Debt by Type	Ratings by	
	Moody's Investors Service	Standard & Poor's
Water		
Revenue bonds	Aa2	AA-
Commercial paper - \$500 million tax-exempt/taxable		
\$200 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$100 million Barclays PLC Letter of Credit	P-1	A-1
\$100 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$100 million US Bank Revolving Credit Agreement	N/A	N/A
Certificates of participation - SFPUC Headquarters Project*	Aa1	AA+
Wastewater		
Revenue bonds	Aa2	AA
Commercial paper - \$750 million tax-exempt		
\$200 million State Street Liquidity Facility	P-1	A-1+
\$150 million Bank of America Letter of Credit	P-1	A-1
\$150 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$100 million Sumitomo Mitsui Letter of Credit	P-1	A-1
\$75 million Toronto Dominion Bank Liquidity Facility	P-1	A-1+
\$75 million US Bank Revolving Credit Agreement	N/A	N/A
Certificates of participation - SFPUC Headquarters Project*	Aa1	AA+
Hetchy Power		
Revenue bonds**	N/A	AA
Commercial paper - \$250 million tax-exempt		
\$125 million Bank of America Letter of Credit***	N/A	A-1
\$125 million Bank of America Letter of Credit***	N/A	A-1
Certificates of participation - SFPUC Headquarters Project*	Aa1	AA+

*Bonds issued by CCSF and reflects General Fund COP credit rating at issuance.

**Hetchy Power revenue bonds are rated AA- by Fitch.

***Power letter of credit is rated F1+ by Fitch.

CleanPowerSF did not have any debt outstanding as of June 30, 2023 but had a credit rating of A2 from Moody's investor service.

Source: Rating agency reports.

**Water, Wastewater, Hetchy Power, and CleanPowerSF
Credit Ratings
Fiscal Years Ended 2014 to 2023**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Moody's Investors Service										
Water	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa2	Aa2	Aa2	Aa2
Wastewater	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	Aa2	Aa2	Aa2	Aa2
CleanPowerSF	First rating from Moody's assigned on December 9, 2020.							A2	A2	A2
Standard & Poor's										
Water	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-
Wastewater	AA-	AA-	AA							
Hetchy Power	Zero debt prior to fiscal year 2015									
Fitch Ratings										
Hetchy Power	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-	AA-

Debt Capacity
 Water - Summary of Debt Outstanding (Exclude Commercial Paper)
 As of June 30, 2023
 (Dollars in Thousands)

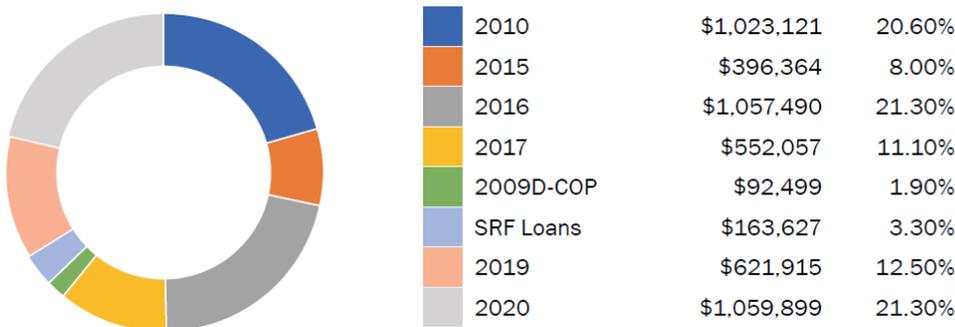
Revenue Bonds and Certificates of Participation

Revenue bonds	Amount	Use of proceeds
2010 Series B (Build America Bonds)	\$ 336,390	Water System Improvement Program
2010 Series E (Build America Bonds)	332,403	Water System Improvement Program
2010 Series G (Build America Bonds)	354,328	Water System Improvement Program
2015 Series A	396,364	Refunded remainder of 2006A Bonds and partial refunding of 2009A Bonds
2016 Series A	770,298	Refunded portion of 2009A, 2009B and 2010F Bonds
2016 Series B	62,032	Refunded remainder of 2006B and 2006C Bonds and portion of 2010A
2016 Series C	225,160	Refund all of outstanding taxable commercial paper notes.
2017 Series A	27,269	Water System Improvement Program
2017 Series B	33,271	Non Water System Improvement Program (Non-WSIP)
2017 Series C	15,914	Hetchy Water Improvements
2017 Series D	394,196	Refund 2011A and 2012A Bonds
2017 Series E	53,608	Refund 2011C, 2011D and 2012C1 Bonds
2017 Series F	8,909	Refund 2011B Bonds
2017 Series G	18,890	Refund 2011A Bonds
2019 Series A	587,825	Refunding Federal Taxable WSIP
2019 Series B	16,315	Refunding Federal Taxable Hetch Hetchy
2019 Series B	17,775	Refunding Federal Taxable Local Water Main
2020 Series A	189,695	Water System Improvement Program (Green Bonds)
2020 Series B	74,009	Regional Water
2020 Series C	99,797	Local Water
2020 Series D	52,123	Hetch Hetchy Water
2020 Series E	335,035	Refunding Federal Taxable WSIP
2020 Series F	135,455	Refunding Federal Taxable Non-WSIP
2020 Series G	108,970	Refunding Federal Taxable Local Water
2020 Series H	64,815	Refunding Federal Taxable Hetch Hetchy Water
Total revenue bonds	4,710,846	
State of California revolving fund loans	163,627	
2009 Series D Certificates of participation (COPs)	92,499	525 Golden Gate Avenue Headquarters Building
Total Water debt outstanding	\$ 4,966,972	

Amount shown above are inclusive of unamortized bond premium and discount.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Water Debt Composition



Debt Capacity
Wastewater - Summary of Debt Outstanding (Exclude Commercial Paper)
As of June 30, 2023
(Dollars in Thousands)

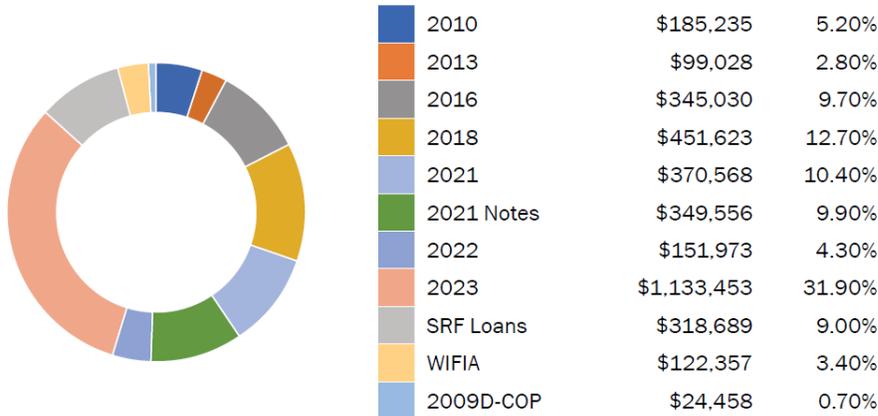
Revenue Bonds, Notes, Loans and Certificates of Participation

Revenue bonds/notes	Amount	Use of proceeds
2010 Series B (Build America Bonds)	\$ 185,235	Clean Water Capital Improvement Programs
2013 Series A	577	Refunded the remaining portion of the 2003 Series A bonds
2013 Series B	98,451	Sewer System Improvement Program (SSIP)
2016 Series A	269,154	Sewer System Improvement Program (SSIP)
2016 Series B	75,876	Sewer System Improvement Program (SSIP)
2018 Series A	246,296	Sewer System Improvement Program (SSIP)
2018 Series B	205,327	Sewer System Improvement Program (SSIP)
2021 Series A	322,320	Sewer System Improvement Program (SSIP)
2021 Series B	48,248	Sewer System Improvement Program (SSIP)
2021 Series A Notes	219,583	Sewer System Improvement Program (SSIP)
2021 Series B Notes	129,973	Sewer System Improvement Program (SSIP)
2022 Series B	151,973	Refunding 2013 Series AB bonds
2023 Series A	630,350	Sewer System Improvement Program (SSIP)
2023 Series B	324,524	Capital Projects Non-SSIP
2023 Series C	178,579	Sewer System Improvement Program (SSIP)
Total revenue bonds/notes	3,086,466	
State of California revolving fund loans	318,689	Sewer System Improvement Program
Water Infrastructure Finance and Innovation Act (WIFIA) Loans	122,357	WIFIA Loans
2009 Series D Certificates of participation (COPs)	24,458	525 Golden Gate Avenue Headquarters Building
Total Wastewater debt outstanding	\$ 3,551,970	

Amount shown above are inclusive of unamortized bond premium and discount.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Wastewater Debt Composition



Debt Capacity

Hetchy Power - Summary of Debt Outstanding (Exclude Commercial Paper)

As of June 30, 2023

(Dollars in Thousands)

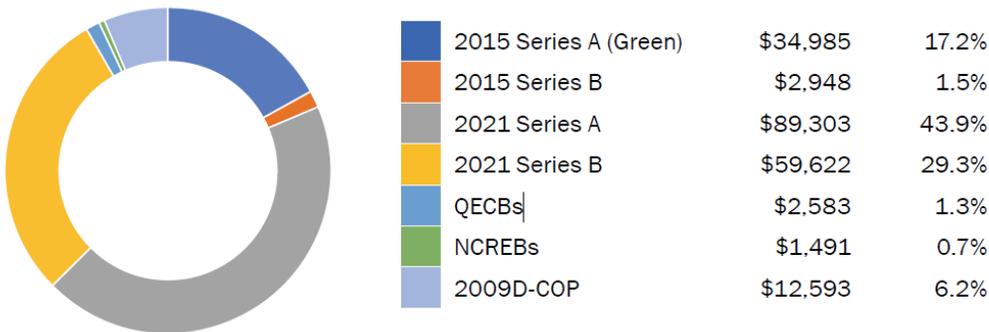
Bonds and Certificates of Participation

Revenue Bonds	Amount	Use of proceeds
2015 Series A (Green)	\$ 34,985	Hetch Hetchy facilities
2015 Series B	2,948	Hetch Hetchy facilities
2021 Series A	89,303	Refinance portion costs of Hetchy Power projects
2021 Series B	<u>59,622</u>	Refinance portion costs of Hetchy Power projects
Total revenue bonds	186,858	
Other Bonds		
Qualified Energy Conservation Bonds (QECBs)	2,583	525 Golden Gate Avenue green energy
2015 New Clean Renewable Energy Bonds (NCREBs)	<u>1,491</u>	City facilities renewable energy
Total other bonds	4,074	
2009 Series D Certificates of participation (COPs)	<u>12,593</u>	525 Golden Gate Avenue Headquarters Building
Total Hetchy Power debt outstanding	\$ <u>203,525</u>	

Amount shown above are inclusive of unamortized bond premium and discount.

Source: City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

Hetchy Power Debt Composition



Debt Capacity
 History of Outstanding Debt by Type - Principal Only (Exclude Commercial Paper)
 Fiscal Years Ended 2014 to 2023 (Dollars in Thousands)

Department-wide

Fiscal Year Ended	Bonds	Revenue Notes	Capital Appreciation Bonds*	State Revolving Fund Loans	Water Infrastructure Finance and Innovation Act (WIFIA) Loans	Certificates of Participation^	Total
2014	\$ 5,123,609	\$ —	\$ 5,107	\$ —	\$ —	\$ 163,934	\$ 5,292,650
2015	5,106,187	—	5,471	—	—	160,615	5,272,273
2016	5,389,447	—	5,860	—	—	157,207	5,552,514
2017	5,657,792	—	6,278	—	—	153,673	5,817,743
2018	5,983,428	—	6,725	22,607	—	150,008	6,162,768
2019	6,513,703	—	2,029	88,032	—	146,207	6,749,971
2020	6,366,836	—	—	161,820	—	142,265	6,670,921
2021	6,631,009	—	—	215,966	—	138,180	6,985,155
2022	6,986,674	350,356	—	424,420	—	133,945	7,895,395
2023	7,638,688	349,556	—	482,316	122,357	129,550	8,722,467

Water

Fiscal Year Ended	Revenue Bonds^	State Revolving Fund Loans	Capital Appreciation Bonds*	Certificates of Participation^	Total	Service Area by Population#	Debt per Capita (in thousands)	Number of Customer Accounts	Debt per Customer Account (in thousands)
2014	\$ 4,322,713	\$ —	\$ 5,107	\$ 117,049	\$ 4,444,869	2,595,166	\$ 1.71	173,970	\$ 68,339.83
2015	4,298,827	—	5,471	114,680	4,418,978	2,635,893	1.68	174,111	68,405.91
2016	4,257,454	—	5,860	112,246	4,375,560	2,657,633	1.65	174,083	68,176.11
2017	4,554,967	—	6,278	109,722	4,670,967	2,680,705	1.74	174,349	62,970.33
2018	4,909,041	—	6,725	107,106	5,022,872	2,705,107	1.86	175,054	57,682.77
2019	4,808,548	—	2,029	104,392	4,914,969	2,710,848	1.81	175,803	57,577.34
2020	4,695,295	73,271	—	101,578	4,870,144	2,723,304	1.79	176,379	56,800.74
2021	4,994,775	107,407	—	98,662	5,200,844	2,654,192	1.96	176,246	50,351.04
2022	4,860,935	121,761	—	95,637	5,078,333	2,663,726	1.91	177,072	50,164.25
2023 **	4,710,846	163,627	—	92,499	4,966,972	2,665,928	1.86	177,613	49,647.08

Wastewater

Fiscal Year Ended	Revenue Bonds^	Revenue Notes	State Revolving Fund Loans	Water Infrastructure Finance and Innovation Act (WIFIA) Loans	Certificates of Participation^	Total	Service Area by Population#	Debt per Capita (in thousands)	Number of Customer Accounts	Debt per Customer Account (in thousands)
2014	\$ 783,801	\$ —	\$ —	\$ —	\$ 30,950	\$ 814,751	852,469	\$ 0.96	163,537	\$ 4.98
2015	747,185	—	—	—	30,323	777,508	862,004	0.90	163,686	4.75
2016	1,071,883	—	—	—	29,680	1,101,563	876,103	1.26	163,587	6.73
2017	1,044,925	—	—	—	29,013	1,073,938	879,166	1.22	163,738	6.56
2018	1,019,146	—	22,607	—	28,321	1,073,938	880,696	1.22	163,976	6.55
2019	1,652,609	—	88,032	—	27,603	1,768,244	881,549	2.01	173,956	10.16
2020	1,621,733	—	88,549	—	26,859	1,737,141	870,393	2.00	174,516	9.95
2021	1,589,922	—	108,559	—	26,087	1,724,568	811,253	2.13	174,356	9.89
2022 **	1,931,253	350,356	302,659	—	25,288	2,609,556	808,437	3.23	175,171	14.90
2023	2,736,910	349,556	318,689	122,357	24,458	3,551,970	798,206	4.45	175,680	20.22

Hetchy Power

Fiscal Year Ended	Bonds^	Certificates of Participation^	Total	Number of Customer Accounts	Debt per Customer Account (in thousands)
2014	\$ 17,095	\$ 15,935	\$ 33,030	2,271	\$ 14.54
2015	60,175	15,612	75,787	2,305	32.88
2016	60,110	15,281	75,391	2,627	28.70
2017	57,900	14,938	75,391	3,068	24.57
2018	55,241	14,581	72,838	3,547	20.54
2019	52,546	14,212	66,758	3,747	17.82
2020	49,808	13,828	63,636	4,077	15.61
2021	46,312	13,431	59,743	5,385	11.09
2022	194,486	13,020	207,506	5,110	40.61
2023	190,932	12,593	203,525	6,238	32.63

*No annual payments for Series 1991A Capital Appreciation Bonds.

**2023 population was estimated by multiplying 2022 population by the 2021 and 2022 population growth rate.

#2022, 2021 and 2020 Updated from last year's ACFR with newly available data

^Bonds, Notes, and Certificates of Participation are inclusive of bond premiums and discounts.

Source: San Francisco Public Utilities Commission, Power Enterprise: Customer To Meter Billing System, FY2020 and prior from Utility Star Billing System, Water and Wastewater Enterprise: Customer Care and Billing System, Audited Financial Statements, Office of the Controller, City and County of San Francisco and BAWSCA.org.

Debt Capacity
 Department-wide - Future Principal and Interest Payments*
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Payments Due for FY Ended	Water			Wastewater			Power			SFPUC Total		
	Total Principal	Total Interest	Total Principal & Interest Payments	Total Principal	Total Interest	Total Principal & Interest Payments	Total Principal	Total Interest	Total Principal & Interest Payments	Total Principal	Total Interest	Total Principal & Interest Payments
2024	\$ 138,362	180,569	318,931	31,460	113,541	145,001	2,035	7,408	9,443	171,857	301,518	473,375
2025	143,887	174,980	318,867	41,858	115,614	157,472	4,062	7,296	11,358	189,807	297,890	487,697
2026	159,256	170,163	329,419	263,421	113,612	377,033	4,231	7,128	11,359	426,908	290,903	717,811
2027	165,149	163,373	328,522	209,597	111,877	321,474	4,399	6,955	11,354	379,145	282,205	661,350
2028	170,834	156,201	327,035	87,591	107,493	195,084	4,284	6,763	11,047	262,709	270,457	533,166
2029	179,317	148,965	328,282	115,417	102,886	218,303	4,184	6,566	10,750	298,918	258,417	557,335
2030	188,097	140,970	329,067	120,848	97,450	218,298	4,380	6,363	10,743	313,325	244,783	558,108
2031	194,899	133,090	327,989	126,558	91,737	218,295	4,592	6,156	10,748	326,049	230,983	557,032
2032	203,980	125,429	329,409	119,579	86,059	205,638	4,794	5,939	10,733	328,353	217,427	545,780
2033	206,930	117,109	324,039	112,238	80,745	192,983	4,928	5,721	10,649	324,096	203,575	527,671
2034	217,085	108,058	325,143	117,486	75,488	192,974	5,063	5,507	10,570	339,634	189,053	528,687
2035	225,120	98,586	323,706	122,999	69,976	192,975	5,287	5,281	10,568	353,406	173,843	527,249
2036	240,849	89,054	329,903	128,730	64,245	192,975	5,526	5,049	10,575	375,105	158,348	533,453
2037	253,428	79,393	332,821	103,333	59,056	162,389	5,778	4,805	10,583	362,539	143,254	505,793
2038	233,334	70,196	303,530	107,915	54,474	162,389	6,031	4,550	10,581	347,280	129,220	476,500
2039	241,967	61,676	303,643	112,648	49,737	162,385	6,300	4,283	10,583	360,915	115,696	476,611
2040	250,451	52,958	303,409	117,534	44,853	162,387	6,575	4,005	10,580	374,560	101,816	476,376
2041	208,135	44,913	253,048	122,556	39,824	162,380	6,866	3,713	10,579	337,557	88,450	426,007
2042	162,726	38,618	201,344	117,065	34,890	151,955	7,167	3,411	10,578	286,958	76,919	363,877
2043	114,823	33,897	148,720	120,282	30,038	150,320	6,500	3,115	9,615	241,605	67,050	308,655
2044	118,964	29,746	148,710	88,075	25,820	113,895	6,790	2,827	9,617	213,829	58,393	272,222
2045	82,375	26,023	108,398	91,590	22,287	113,877	7,090	2,527	9,617	181,055	50,837	231,892
2046	86,142	22,727	108,869	95,280	18,649	113,929	7,405	2,213	9,618	188,827	43,589	232,416
2047	90,074	19,281	109,355	99,141	14,848	113,989	7,720	1,898	9,618	196,935	36,027	232,962
2048	94,201	15,662	109,863	85,570	11,437	97,007	8,035	1,583	9,618	187,806	28,682	216,488
2049	100,590	11,662	112,252	86,697	8,417	95,114	8,360	1,255	9,615	195,647	21,334	216,981
2050	105,533	7,278	112,811	54,915	6,020	60,935	8,705	914	9,619	169,153	14,212	183,365
2051	110,728	2,675	113,403	55,127	4,235	59,362	9,060	558	9,618	174,915	7,468	182,383
2052	6,058	283	6,341	56,879	2,411	59,290	9,430	189	9,619	72,367	2,883	75,250
2053	6,117	222	6,339	18,185	1,360	19,545	—	—	—	24,302	1,582	25,884
2054	6,179	161	6,340	18,599	1,108	19,707	—	—	—	24,778	1,269	26,047
2055	6,241	99	6,340	14,721	851	15,572	—	—	—	20,962	950	21,912
2056	1,207	37	1,244	15,087	640	15,727	—	—	—	16,294	677	16,971
2057	1,220	25	1,245	10,223	422	10,645	—	—	—	11,443	447	11,890
2058	1,233	12	1,245	10,553	273	10,826	—	—	—	11,786	285	12,071
2059	—	—	—	10,883	119	11,002	—	—	—	10,883	119	11,002
Total	\$ 4,715,491	2,324,089	7,039,582	3,210,639	1,662,493	4,873,132	175,577	123,979	299,556	8,101,707	4,110,563	12,212,270

May not total due to rounding.

*Principal and interest (net of federal interest subsidy) includes bonds, COPs, and state revolving fund loans (including fees) and excludes premium and discounts.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
 Water - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Principal Payments									
Payments Due for FY Ended	State Revolving Fund Loans	COPs Series 2009D	2010B	2010E	2010G	2015A	2016A	2016B	2016C
2024	\$ —	3,267	13,245	13,165	—	28,070	23,590	13,175	6,105
2025	—	3,402	13,725	13,610	—	29,485	24,800	13,720	6,275
2026	3,781	3,545	14,225	14,080	—	30,990	26,050	7,715	6,455
2027	3,819	3,695	14,765	14,585	—	20,945	38,150	8,015	6,645
2028	3,857	3,852	15,355	15,125	—	20,530	46,305	3,815	6,850
2029	4,819	4,013	15,965	15,715	—	21,580	48,655	3,990	7,075
2030	4,867	4,180	16,600	16,340	—	22,685	51,135	4,180	7,310
2031	4,915	4,359	17,260	16,990	—	23,810	53,460	4,370	7,565
2032	4,965	4,545	17,945	17,665	11,060	25,000	34,135	—	7,835
2033	5,013	4,737	18,660	18,365	11,575	26,280	35,875	—	8,120
2034	5,064	4,941	19,405	19,095	12,110	27,490	37,710	—	8,435
2035	5,115	5,155	20,175	19,855	12,665	28,610	39,670	—	8,760
2036	5,166	5,373	20,980	20,645	13,255	29,765	41,745	—	9,110
2037	5,218	5,605	21,810	21,470	13,865	31,135	43,670	—	9,475
2038	5,270	5,844	22,680	22,320	14,505	—	45,455	—	9,860
2039	5,323	6,094	23,580	23,210	15,175	—	47,305	—	10,265
2040	5,376	6,355	24,520	24,130	15,880	—	49,235	—	10,685
2041	5,430	6,625	25,495	25,090	16,610	—	—	—	11,125
2042	5,484	6,912	—	—	17,380	—	—	—	11,585
2043	5,538	—	—	—	18,180	—	—	—	12,070
2044	5,594	—	—	—	19,025	—	—	—	12,590
2045	5,650	—	—	—	19,900	—	—	—	13,125
2046	5,707	—	—	—	20,820	—	—	—	13,685
2047	5,764	—	—	—	21,785	—	—	—	14,270
2048	5,821	—	—	—	22,790	—	—	—	—
2049	5,880	—	—	—	23,845	—	—	—	—
2050	5,938	—	—	—	24,945	—	—	—	—
2051	5,998	—	—	—	26,100	—	—	—	—
2052	6,058	—	—	—	—	—	—	—	—
2053	6,117	—	—	—	—	—	—	—	—
2054	6,179	—	—	—	—	—	—	—	—
2055	6,241	—	—	—	—	—	—	—	—
2056	1,207	—	—	—	—	—	—	—	—
2057	1,220	—	—	—	—	—	—	—	—
2058	1,233	—	—	—	—	—	—	—	—
2059	—	—	—	—	—	—	—	—	—
Total	\$ 163,627	92,499	336,390	331,455	351,470	366,375	686,945	58,980	225,275

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
 Water - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Principal Payments										
Payments Due for FY Ended	2017A	2017B	2017C	2017D	2017E	2017F	2017G	2019A	2019B	2019C
2024	\$ 2,445	2,985	1,425	1,270	795	735	13,665	3,565	70	80
2025	2,570	3,135	1,500	10,230	835	770	5,225	3,640	75	80
2026	2,705	3,295	1,575	20,515	7,425	875	—	3,720	75	80
2027	2,840	3,465	1,660	21,540	7,830	920	—	3,805	80	85
2028	2,990	3,645	1,745	22,615	6,630	965	—	3,900	80	90
2029	3,140	3,830	1,830	23,740	7,080	1,020	—	4,000	85	90
2030	3,300	4,025	1,925	24,935	8,555	855	—	4,105	85	95
2031	—	—	—	26,140	7,960	905	—	4,215	90	95
2032	—	—	—	14,980	1,015	960	—	31,095	90	100
2033	—	—	—	46,855	—	—	—	4,055	1,340	1,465
2034	—	—	—	59,875	—	—	—	4,180	1,385	1,510
2035	—	—	—	61,540	—	—	—	4,310	1,425	1,550
2036	—	—	—	11,105	—	—	—	63,930	1,470	1,600
2037	4,685	5,715	2,735	—	—	—	—	80,670	1,525	1,660
2038	—	—	—	—	—	—	—	86,145	1,575	1,720
2039	—	—	—	—	—	—	—	38,500	1,630	1,775
2040	—	—	—	—	—	—	—	39,650	1,690	1,835
2041	—	—	—	—	—	—	—	40,970	1,745	1,900
2042	—	—	—	—	—	—	—	42,370	1,800	1,965
2043	—	—	—	—	—	—	—	59,450	—	—
2044	—	—	—	—	—	—	—	61,550	—	—
2045	—	—	—	—	—	—	—	—	—	—
2046	—	—	—	—	—	—	—	—	—	—
2047	—	—	—	—	—	—	—	—	—	—
2048	—	—	—	—	—	—	—	—	—	—
2049	—	—	—	—	—	—	—	—	—	—
2050	—	—	—	—	—	—	—	—	—	—
2051	—	—	—	—	—	—	—	—	—	—
2052	—	—	—	—	—	—	—	—	—	—
2053	—	—	—	—	—	—	—	—	—	—
2054	—	—	—	—	—	—	—	—	—	—
2055	—	—	—	—	—	—	—	—	—	—
2056	—	—	—	—	—	—	—	—	—	—
2057	—	—	—	—	—	—	—	—	—	—
2058	—	—	—	—	—	—	—	—	—	—
2059	—	—	—	—	—	—	—	—	—	—
Total	\$ 24,675	30,095	14,395	345,340	48,125	8,005	18,890	587,825	16,315	17,775

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
 Water - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Principal Payments									
Payments Due for FY Ended	2020A	2020B	2020C	2020D	2020E	2020F	2020G	2020H	Total Principal Payments
2024	\$ —	—	—	—	1,530	1,430	7,065	685	138,362
2025	—	—	—	—	1,575	1,440	7,105	690	143,887
2026	—	—	—	—	1,620	1,450	8,385	695	159,256
2027	—	—	—	—	1,665	1,465	8,475	700	165,149
2028	—	—	—	—	1,715	1,485	8,575	710	170,834
2029	—	—	—	—	1,765	1,505	8,700	720	179,317
2030	—	—	—	—	1,815	1,530	8,840	735	188,097
2031	—	—	—	—	5,300	5,720	9,005	2,740	194,899
2032	—	—	—	—	5,450	5,830	18,520	2,790	203,980
2033	—	—	—	—	5,605	5,955	10,180	2,850	206,930
2034	—	—	—	—	5,770	6,090	1,110	2,915	217,085
2035	—	—	—	—	5,930	6,235	1,140	2,985	225,120
2036	—	—	—	—	6,100	6,385	1,165	3,055	240,849
2037	—	—	—	—	1,645	910	1,200	435	253,428
2038	—	—	—	—	6,560	6,875	1,235	3,290	233,334
2039	—	—	—	—	57,375	7,075	1,275	3,385	241,967
2040	—	—	—	—	59,020	7,280	1,315	3,480	250,451
2041	—	—	—	—	60,715	7,490	1,355	3,585	208,135
2042	—	—	—	—	62,450	7,700	1,395	3,685	162,726
2043	—	—	—	—	6,405	7,940	1,440	3,800	114,823
2044	—	—	—	—	6,600	8,195	1,490	3,920	118,964
2045	10,730	4,300	5,950	3,425	6,795	8,455	—	4,045	82,375
2046	11,445	4,590	6,340	3,660	7,000	8,725	—	4,170	86,142
2047	12,195	4,895	6,760	3,895	7,205	9,000	—	4,305	90,074
2048	19,525	7,840	10,825	6,240	7,425	9,290	—	4,445	94,201
2049	30,970	12,520	17,360	10,015	—	—	—	—	100,590
2050	32,160	13,240	18,550	10,700	—	—	—	—	105,533
2051	33,870	13,945	19,550	11,265	—	—	—	—	110,728
2052	—	—	—	—	—	—	—	—	6,058
2053	—	—	—	—	—	—	—	—	6,117.0
2054	—	—	—	—	—	—	—	—	6,179.0
2055	—	—	—	—	—	—	—	—	6,241.0
2056	—	—	—	—	—	—	—	—	1,207.0
2057	—	—	—	—	—	—	—	—	1,220.0
2058	—	—	—	—	—	—	—	—	1,233.0
2059	—	—	—	—	—	—	—	—	—
Total	\$ 150,895	61,330	\$ 85,335	49,200	335,035	135,455	108,970	64,815	4,715,491

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Water - Future Principal and Interest Payments
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments									
Payments Due for FY Ended	State Revolving Fund Loans	COPs				2015A	2016A	2016B	2016C
		2009D Before Subsidy	2010B Before Subsidy	2010E Before Subsidy	2010G Before Subsidy				
2024	\$ —	5,864	19,614	19,105	24,426	16,642	31,365	2,099	8,463
2025	—	5,652	18,872	18,418	24,427	15,222	30,156	1,569	8,298
2026	1,315	5,431	18,103	17,692	24,427	13,720	28,885	1,209	8,118
2027	1,277	5,201	17,270	16,917	24,427	12,420	27,280	894	7,925
2028	1,239	4,961	16,365	16,084	24,427	11,385	25,169	639	7,719
2029	1,522	4,710	15,426	15,182	24,427	10,332	22,795	464	7,498
2030	1,474	4,450	14,448	14,219	24,428	9,225	20,300	279	7,260
2031	1,425	4,176	13,433	13,219	24,428	8,097	17,952	87	7,007
2032	1,376	3,887	12,376	12,180	24,043	6,915	16,030	—	6,738
2033	1,325	3,585	11,278	11,099	23,256	5,632	14,280	—	6,448
2034	1,276	3,272	10,136	9,976	22,433	4,425	12,440	—	6,137
2035	1,225	2,944	8,950	8,809	21,572	3,303	10,506	—	5,809
2036	1,174	2,602	7,714	7,593	20,672	2,145	8,470	—	5,463
2037	1,122	2,247	6,430	6,329	19,729	778	6,554	—	5,098
2038	1,071	1,875	5,096	5,015	18,743	—	4,771	—	4,712
2039	1,018	1,488	3,708	3,650	17,712	—	2,916	—	4,306
2040	964	1,084	2,265	2,229	16,633	—	985	—	3,883
2041	911	664	765	753	15,504	—	—	—	3,443
2042	856	224	—	—	14,323	—	—	—	2,985
2043	801	—	—	—	13,087	—	—	—	2,499
2044	746	—	—	—	11,794	—	—	—	1,983
2045	690	—	—	—	10,441	—	—	—	1,445
2046	634	—	—	—	9,026	—	—	—	884
2047	577	—	—	—	7,546	—	—	—	299
2048	519	—	—	—	5,997	—	—	—	—
2049	461	—	—	—	4,376	—	—	—	—
2050	402	—	—	—	2,681	—	—	—	—
2051	343	—	—	—	907	—	—	—	—
2052	283	—	—	—	—	—	—	—	—
2053	222	—	—	—	—	—	—	—	—
2054	161	—	—	—	—	—	—	—	—
2055	99	—	—	—	—	—	—	—	—
2056	37	—	—	—	—	—	—	—	—
2057	25	—	—	—	—	—	—	—	—
2058	12	—	—	—	—	—	—	—	—
2059	—	—	—	—	—	—	—	—	—
Total	\$ 26,580	64,317	202,249	198,469	475,892	120,241	280,854	7,240	124,419

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
 Water - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Interest Payments										
Payments Due for FY Ended	2017A	2017B	2017C	2017D	2017E	2017F	2017G	2019A	2019B	2019C
2024	\$ 1,173	1,431	685	17,131	2,338	381	343	19,258	555	605
2025	1,047	1,277	611	16,843	2,296	344	76	19,185	553	603
2026	915	1,116	534	16,074	2,090	303	—	19,105	551	600
2027	777	947	453	15,024	1,709	258	—	19,018	549	598
2028	631	770	368	13,919	1,347	211	—	18,924	546	595
2029	478	583	279	12,760	1,004	162	—	18,825	543	592
2030	317	386	185	11,543	613	115	—	18,722	541	589
2031	234	285	136	10,307	220	71	—	18,611	538	586
2032	234	286	137	9,331	20	24	—	18,119	535	583
2033	234	286	137	7,798	—	—	—	17,623	513	558
2034	234	286	137	5,129	—	—	—	17,499	470	511
2035	234	286	137	2,094	—	—	—	17,367	425	463
2036	234	286	137	277	—	—	—	16,244	377	411
2037	118	142	67	—	—	—	—	13,856	324	353
2038	—	—	—	—	—	—	—	11,101	270	294
2039	—	—	—	—	—	—	—	9,042	213	232
2040	—	—	—	—	—	—	—	7,752	155	168
2041	—	—	—	—	—	—	—	6,385	94	103
2042	—	—	—	—	—	—	—	4,938	32	35
2043	—	—	—	—	—	—	—	3,170	—	—
2044	—	—	—	—	—	—	—	1,069	—	—
2045	—	—	—	—	—	—	—	—	—	—
2046	—	—	—	—	—	—	—	—	—	—
2047	—	—	—	—	—	—	—	—	—	—
2048	—	—	—	—	—	—	—	—	—	—
2049	—	—	—	—	—	—	—	—	—	—
2050	—	—	—	—	—	—	—	—	—	—
2051	—	—	—	—	—	—	—	—	—	—
2052	—	—	—	—	—	—	—	—	—	—
2053	—	—	—	—	—	—	—	—	—	—
2054	—	—	—	—	—	—	—	—	—	—
2055	—	—	—	—	—	—	—	—	—	—
2056	—	—	—	—	—	—	—	—	—	—
2057	—	—	—	—	—	—	—	—	—	—
2058	—	—	—	—	—	—	—	—	—	—
2059	—	—	—	—	—	—	—	—	—	—
Total	\$ 6,860	8,367	4,003	138,230	11,637	1,869	419	295,813	7,784	8,479

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Water - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Interest Payments												
Payments Due for FY Ended		2020A	2020B	2020C	2020D	2020E	2020F	2020G	2020H	Federal Interest Subsidy	Total Interest Payments Net of Subsidy	Total Principal & Interest Payments
2024	\$	7,294	3,066	3,414	1,476	9,493	3,594	1,810	1,720	(22,776)	180,569	318,931
2025		7,295	3,066	3,414	1,477	9,449	3,586	1,765	1,715	(22,235)	174,980	318,867
2026		7,295	3,066	3,413	1,476	9,404	3,575	1,704	1,710	(21,668)	170,163	329,419
2027		7,295	3,066	3,414	1,476	9,357	3,559	1,621	1,703	(21,061)	163,373	328,522
2028		7,295	3,066	3,414	1,476	9,310	3,541	1,515	1,694	(20,409)	156,201	327,035
2029		7,295	3,067	3,414	1,476	9,261	3,519	1,387	1,684	(19,720)	148,965	328,282
2030		7,295	3,067	3,414	1,476	9,210	3,494	1,241	1,672	(18,993)	140,970	329,067
2031		7,295	3,066	3,414	1,476	9,109	3,429	1,084	1,641	(18,237)	133,090	327,989
2032		7,295	3,066	3,414	1,476	8,958	3,320	820	1,589	(17,324)	125,429	329,409
2033		7,295	3,066	3,413	1,476	8,801	3,197	524	1,530	(16,245)	117,109	324,039
2034		7,295	3,067	3,413	1,476	8,641	3,062	400	1,465	(15,122)	108,058	325,143
2035		7,295	3,067	3,413	1,476	8,476	2,918	374	1,396	(13,953)	98,586	323,706
2036		7,295	3,067	3,413	1,476	8,306	2,764	346	1,322	(12,734)	89,054	329,903
2037		7,295	3,067	3,413	1,476	8,196	2,672	313	1,278	(11,464)	79,393	332,821
2038		7,295	3,067	3,413	1,476	8,080	2,561	275	1,225	(10,143)	70,196	303,530
2039		7,295	3,067	3,413	1,476	7,177	2,363	236	1,130	(8,765)	61,676	303,643
2040		7,295	3,067	3,413	1,476	5,533	2,159	196	1,033	(7,331)	52,958	303,409
2041		7,295	3,067	3,413	1,476	3,842	1,949	155	932	(5,837)	44,913	253,048
2042		7,295	3,067	3,413	1,476	2,102	1,733	112	829	(4,801)	38,618	201,344
2043		7,295	3,067	3,413	1,476	1,126	1,498	68	717	(4,319)	33,897	148,720
2044		7,295	3,067	3,413	1,476	934	1,244	23	595	(3,893)	29,746	148,710
2045		7,026	2,959	3,294	1,425	737	983	—	470	(3,446)	26,023	108,398
2046		6,471	2,737	3,049	1,318	534	712	—	341	(2,979)	22,727	108,869
2047		5,893	2,500	2,787	1,205	325	434	—	207	(2,491)	19,281	109,355
2048		5,131	2,181	2,435	1,053	109	146	—	70	(1,979)	15,662	109,863
2049		3,917	1,672	1,871	809	—	—	—	—	(1,444)	11,662	112,252
2050		2,400	1,028	1,153	498	—	—	—	—	(885)	7,278	112,811
2051		814	349	391	169	—	—	—	—	(299)	2,675	113,403
2052		—	—	—	—	—	—	—	—	—	283	6,341
2053		—	—	—	—	—	—	—	—	—	222	6,339
2054		—	—	—	—	—	—	—	—	—	161	6,340
2055		—	—	—	—	—	—	—	—	—	99	6,340
2056		—	—	—	—	—	—	—	—	—	37	1,244
2057		—	—	—	—	—	—	—	—	—	25	1,245
2058		—	—	—	—	—	—	—	—	—	12	1,245
2059		—	—	—	—	—	—	—	—	—	—	—
Total	\$	184,844	77,822	86,661	37,474	156,470	62,012	15,969	29,668	(310,553)	2,324,089	7,039,582

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments
(Exclude Commercial Paper)
(Dollars in Thousands)

Principal Payments										
Payments Due for FY Ended	State Revolving Fund Loans	WIFIA Loans	COPs Series 2009D	2010B	2013A	2013B	2016A	2016B	2018A	2018B
2024	\$ 2,526	—	864	7,505	575	—	5,475	1,545	7,160	5,810
2025	5,588	—	900	7,745	—	—	5,760	1,625	6,580	5,335
2026	5,669	—	937	8,000	—	—	6,055	1,705	6,915	5,610
2027	9,215	—	977	8,270	—	—	6,365	1,795	7,270	5,900
2028	9,347	—	1,019	8,560	—	—	6,690	1,885	7,645	6,200
2029	9,481	—	1,061	8,860	—	—	7,035	1,980	8,035	6,520
2030	9,618	—	1,105	9,180	—	—	7,395	2,085	8,445	6,855
2031	9,756	—	1,152	9,520	—	—	7,775	2,190	8,880	7,205
2032	9,897	—	1,202	9,875	—	—	8,170	2,305	9,335	7,575
2033	10,040	—	1,253	10,250	—	—	8,590	2,420	9,815	7,960
2034	10,184	—	1,307	10,640	—	—	9,030	2,545	10,315	8,375
2035	10,331	—	1,363	11,045	—	—	9,495	2,675	10,845	8,800
2036	10,480	—	1,420	11,470	—	—	9,980	2,815	11,400	9,255
2037	10,631	—	1,482	11,910	—	—	10,495	2,960	11,985	9,730
2038	10,785	—	1,545	12,365	—	—	10,975	3,095	12,600	10,225
2039	10,941	—	1,612	12,845	—	—	11,425	3,220	13,245	10,750
2040	11,099	—	1,680	13,340	—	—	11,890	3,350	13,880	11,275
2041	11,259	—	1,752	13,855	—	20,390	12,375	3,490	14,510	11,790
2042	11,422	—	1,828	—	—	35,625	12,880	3,630	15,170	12,325
2043	11,587	—	—	—	—	37,080	13,405	3,780	15,860	12,890
2044	11,755	3,180	—	—	—	—	13,955	3,935	11,445	9,305
2045	11,926	3,204	—	—	—	—	14,520	4,095	—	—
2046	12,098	3,302	—	—	—	—	15,115	4,260	—	—
2047	12,274	3,412	—	—	—	—	15,730	4,435	—	—
2048	12,452	7,068	—	—	—	—	—	—	—	—
2049	10,607	7,300	—	—	—	—	—	—	—	—
2050	10,754	8,181	—	—	—	—	—	—	—	—
2051	9,189	8,438	—	—	—	—	—	—	—	—
2052	9,044	8,755	—	—	—	—	—	—	—	—
2053	9,161	9,024	—	—	—	—	—	—	—	—
2054	9,281	9,318	—	—	—	—	—	—	—	—
2055	5,110	9,611	—	—	—	—	—	—	—	—
2056	5,182	9,905	—	—	—	—	—	—	—	—
2057	—	10,223	—	—	—	—	—	—	—	—
2058	—	10,553	—	—	—	—	—	—	—	—
2059	—	10,883	—	—	—	—	—	—	—	—
Total	\$ 318,689	\$ 122,357	24,458	185,235	575	93,095	240,580	67,820	221,335	179,690

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments
(Exclude Commercial Paper)
(Dollars in Thousands)

Principal Payments									
Payments Due for FY Ended	2021A	2021B	2021A Notes	2021B Notes	2022B	2023A	2023B	2023C	Total Principal Payments
2024	\$ —	—	—	—	—	—	—	—	31,460
2025	—	—	—	—	8,325	—	—	—	41,858
2026	—	—	218,355	—	10,175	—	—	—	263,421
2027	—	—	—	129,110	10,695	22,000	8,000	—	209,597
2028	—	—	—	—	11,245	25,500	9,500	—	87,591
2029	—	—	—	—	11,825	44,250	16,370	—	115,417
2030	—	—	—	—	12,425	46,650	17,090	—	120,848
2031	—	—	—	—	13,065	49,045	17,970	—	126,558
2032	—	—	—	—	13,735	41,760	15,725	—	119,579
2033	—	—	—	—	14,440	34,740	12,730	—	112,238
2034	—	—	—	—	15,185	36,255	13,650	—	117,486
2035	—	—	—	—	15,965	38,405	14,075	—	122,999
2036	—	—	—	—	—	41,560	30,350	—	128,730
2037	—	—	—	—	—	20,820	23,320	—	103,333
2038	—	—	—	—	—	21,895	24,430	—	107,915
2039	—	—	—	—	—	23,035	25,575	—	112,648
2040	—	—	—	—	—	24,230	26,790	—	117,534
2041	—	—	—	—	—	24,070	9,065	—	122,556
2042	—	—	—	—	—	17,695	6,490	—	117,065
2043	—	—	—	—	—	18,655	7,025	—	120,282
2044	23,905	3,340	—	—	—	—	—	7,255	88,075
2045	25,130	3,515	—	—	—	—	—	29,200	91,590
2046	26,420	3,695	—	—	—	—	—	30,390	95,280
2047	27,775	3,885	—	—	—	—	—	31,630	99,141
2048	29,050	4,080	—	—	—	—	—	32,920	85,570
2049	30,235	4,290	—	—	—	—	—	34,265	86,697
2050	31,470	4,510	—	—	—	—	—	—	54,915
2051	32,755	4,745	—	—	—	—	—	—	55,127
2052	34,095	4,985	—	—	—	—	—	—	56,879
2053	—	—	—	—	—	—	—	—	18,185
2054	—	—	—	—	—	—	—	—	18,599
2055	—	—	—	—	—	—	—	—	14,721
2056	—	—	—	—	—	—	—	—	15,087
2057	—	—	—	—	—	—	—	—	10,223
2058	—	—	—	—	—	—	—	—	10,553
2059	—	—	—	—	—	—	—	—	10,883
Total	\$ 260,835	37,045	218,355	129,110	137,080	530,565	278,155	165,660	3,210,639

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Interest Payments*											
Payments Due for FY Ended	State Revolving Fund Loans *	WIFIA Loans	COPs 2009D Before Subsidy	2010B Before Subsidy	2013A	2013B	2016A	2016B	2018A	2018B	2021A
2024	\$ 1,479	—	1,551	10,169	14	3,724	10,509	2,962	10,179	8,839	11,466
2025	2,708	—	1,494	9,801	—	3,724	10,228	2,883	9,836	8,560	11,466
2026	2,627	886	1,436	9,409	—	3,724	9,963	2,809	9,498	8,287	11,466
2027	4,336	1,773	1,375	8,992	—	3,724	9,683	2,729	9,144	7,999	11,466
2028	4,203	1,773	1,312	8,550	—	3,724	9,356	2,637	8,771	7,697	11,466
2029	4,069	1,773	1,245	8,084	—	3,724	9,013	2,541	8,379	7,379	11,466
2030	3,933	1,773	1,177	7,592	—	3,724	8,652	2,439	7,967	7,044	11,466
2031	3,794	1,773	1,104	7,073	—	3,724	8,273	2,333	7,533	6,692	11,466
2032	3,654	1,773	1,027	6,523	—	3,724	7,875	2,220	7,078	6,323	11,466
2033	3,511	1,774	949	5,945	—	3,724	7,455	2,101	6,599	5,935	11,466
2034	3,366	1,773	865	5,344	—	3,724	7,015	1,977	6,096	5,527	11,466
2035	3,219	1,773	778	4,720	—	3,724	6,552	1,847	5,567	5,097	11,466
2036	3,070	1,773	689	4,073	—	3,724	6,066	1,710	5,011	4,646	11,466
2037	2,919	1,773	594	3,397	—	3,723	5,553	1,565	4,426	4,172	11,465
2038	2,766	1,774	495	2,690	—	3,723	5,071	1,430	3,813	3,673	11,466
2039	2,610	1,773	393	1,957	—	3,723	4,623	1,303	3,166	3,149	11,465
2040	2,452	1,773	287	1,194	—	3,723	4,157	1,172	2,557	2,598	11,466
2041	2,291	1,773	175	402	—	3,316	3,672	1,035	1,989	2,021	11,465
2042	2,128	1,773	59	—	—	2,196	3,167	893	1,396	1,417	11,466
2043	1,963	1,774	—	—	—	742	2,641	745	775	787	11,465
2044	1,795	1,762	—	—	—	—	2,094	590	228	233	10,868
2045	1,625	1,717	—	—	—	—	1,524	430	—	—	9,642
2046	1,452	1,670	—	—	—	—	932	265	—	—	8,353
2047	1,277	1,621	—	—	—	—	314	89	—	—	6,999
2048	1,099	1,558	—	—	—	—	—	—	—	—	5,723
2049	918	1,456	—	—	—	—	—	—	—	—	4,538
2050	771	1,346	—	—	—	—	—	—	—	—	3,303
2051	622	1,227	—	—	—	—	—	—	—	—	2,018
2052	502	1,103	—	—	—	—	—	—	—	—	681
2053	384	976	—	—	—	—	—	—	—	—	—
2054	265	844	—	—	—	—	—	—	—	—	—
2055	144	707	—	—	—	—	—	—	—	—	—
2056	73	567	—	—	—	—	—	—	—	—	—
2057	—	422	—	—	—	—	—	—	—	—	—
2058	—	273	—	—	—	—	—	—	—	—	—
2059	—	119	—	—	—	—	—	—	—	—	—
Total	\$ 72,024	48,398	17,006	105,915	14	69,558	144,388	40,705	120,008	108,075	281,441

(Continued)

May not total due to rounding.

* Interest and fees include debt admin fees for the Clarifier SRF loan and North Point Facility SRF Loan.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Wastewater - Future Principal and Interest Payments
(Exclude Commercial Paper)
(Dollars in Thousands)

Interest Payments										
Payments Due for FY Ended	2021B	2021A Notes	2021B Notes	2022B	2023A	2023B	2023C	Federal Interest Subsidy	Total Interest Payments Net of Subsidy	Total Principal & Interest Payments
2024	\$ 1,851	2,185	1,291	6,854	25,303	12,737	6,296	(3,868)	113,541	145,001
2025	1,851	2,183	1,292	6,646	26,635	13,408	6,627	(3,728)	115,614	157,472
2026	1,853	1,091	1,290	6,183	26,635	13,407	6,627	(3,579)	113,612	377,033
2027	1,852	—	646	5,662	26,085	13,207	6,626	(3,422)	111,877	321,474
2028	1,852	—	—	5,113	24,898	12,769	6,627	(3,255)	107,493	195,084
2029	1,852	—	—	4,536	23,154	12,124	6,626	(3,079)	102,886	218,303
2030	1,853	—	—	3,930	20,881	11,287	6,626	(2,894)	97,450	218,298
2031	1,852	—	—	3,293	18,489	10,411	6,626	(2,699)	91,737	218,295
2032	1,852	—	—	2,623	16,219	9,568	6,626	(2,492)	86,059	205,638
2033	1,853	—	—	1,919	14,306	8,857	6,626	(2,275)	80,745	192,983
2034	1,853	—	—	1,178	12,531	8,197	6,626	(2,050)	75,488	192,974
2035	1,853	—	—	399	10,665	7,504	6,626	(1,814)	69,976	192,975
2036	1,853	—	—	—	8,666	6,444	6,626	(1,572)	64,245	192,975
2037	1,852	—	—	—	7,106	5,202	6,626	(1,317)	59,056	162,389
2038	1,852	—	—	—	6,038	4,108	6,626	(1,051)	54,474	162,389
2039	1,852	—	—	—	4,915	2,958	6,626	(776)	49,737	162,385
2040	1,853	—	—	—	3,734	1,749	6,626	(488)	44,853	162,387
2041	1,852	—	—	—	2,496	902	6,626	(191)	39,824	162,380
2042	1,852	—	—	—	1,422	514	6,627	(20)	34,890	151,955
2043	1,853	—	—	—	490	176	6,627	—	30,038	150,320
2044	1,769	—	—	—	—	—	6,481	—	25,820	113,895
2045	1,596	—	—	—	—	—	5,753	—	22,287	113,877
2046	1,416	—	—	—	—	—	4,561	—	18,649	113,929
2047	1,227	—	—	—	—	—	3,321	—	14,848	113,989
2048	1,028	—	—	—	—	—	2,029	—	11,437	97,007
2049	820	—	—	—	—	—	685	—	8,417	95,114
2050	600	—	—	—	—	—	—	—	6,020	60,935
2051	368	—	—	—	—	—	—	—	4,235	59,362
2052	125	—	—	—	—	—	—	—	2,411	59,290
2053	—	—	—	—	—	—	—	—	1,360	19,545
2054	—	—	—	—	—	—	—	—	1,108	19,707
2055	—	—	—	—	—	—	—	—	851	15,572
2056	—	—	—	—	—	—	—	—	640	15,727
2057	—	—	—	—	—	—	—	—	422	10,645
2058	—	—	—	—	—	—	—	—	273	10,826
2059	—	—	—	—	—	—	—	—	119	11,002
Total	\$ 45,995	5,459	4,519	48,336	280,668	155,529	155,025	(40,570)	1,662,493	4,873,132

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
 Power - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Principal Payments								
Payments Due for FY Ended	COPs Series 2009D	Qualified Energy Conservation Bonds 2011	2015A	2015B	New Clean Renewable Energy Bonds 2015	2021A	2021B	Total Principal Payments
2024	\$ 445	562	—	880	148	—	—	2,035
2025	463	569	—	910	150	1,385	585	4,062
2026	483	576	—	945	152	1,455	620	4,231
2027	503	582	830	150	154	1,530	650	4,399
2028	524	294	1,020	—	156	1,605	685	4,284
2029	546	—	1,075	—	158	1,690	715	4,184
2030	569	—	1,125	—	161	1,775	750	4,380
2031	594	—	1,185	—	163	1,860	790	4,592
2032	619	—	1,240	—	165	1,945	825	4,794
2033	644	—	1,305	—	84	2,035	860	4,928
2034	673	—	1,370	—	—	2,115	905	5,063
2035	702	—	1,435	—	—	2,200	950	5,287
2036	731	—	1,510	—	—	2,290	995	5,526
2037	763	—	1,585	—	—	2,385	1,045	5,778
2038	796	—	1,665	—	—	2,480	1,090	6,031
2039	830	—	1,745	—	—	2,585	1,140	6,300
2040	865	—	1,835	—	—	2,690	1,185	6,575
2041	901	—	1,925	—	—	2,800	1,240	6,866
2042	942	—	2,020	—	—	2,915	1,290	7,167
2043	—	—	2,125	—	—	3,030	1,345	6,500
2044	—	—	2,230	—	—	3,155	1,405	6,790
2045	—	—	2,340	—	—	3,285	1,465	7,090
2046	—	—	2,460	—	—	3,420	1,525	7,405
2047	—	—	—	—	—	3,560	4,160	7,720
2048	—	—	—	—	—	3,705	4,330	8,035
2049	—	—	—	—	—	3,855	4,505	8,360
2050	—	—	—	—	—	4,010	4,695	8,705
2051	—	—	—	—	—	4,175	4,885	9,060
2052	—	—	—	—	—	4,345	5,085	9,430
2053	—	—	—	—	—	—	—	—
2054	—	—	—	—	—	—	—	—
2055	—	—	—	—	—	—	—	—
2056	—	—	—	—	—	—	—	—
2057	—	—	—	—	—	—	—	—
2058	—	—	—	—	—	—	—	—
2059	—	—	—	—	—	—	—	—
Total	\$ 12,593	2,583	32,025	2,885	1,491	74,280	49,720	175,577

(Continued)

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Debt Capacity
Power - Future Principal and Interest Payments
 (Exclude Commercial Paper)
 (Dollars in Thousands)

Interest Payments										
Payments Due for FY Ended	COPs 2009D Before Subsidy	QECBs 2011 Before Subsidy	2015A	2015B	NCREBs 2015 Before Subsidy	2021A	2021B	Federal Interest Subsidy	Total Interest Payments Net of Subsidy	Total Principal & Interest Payments
2024	\$ 798	116	1,593	93	67	3,085	2,045	(389)	7,408	9,443
2025	769	89	1,593	62	60	3,050	2,030	(357)	7,296	11,358
2026	739	62	1,593	25	53	2,979	2,000	(323)	7,128	11,359
2027	709	35	1,576	3	47	2,905	1,969	(289)	6,955	11,354
2028	675	7	1,534	—	39	2,826	1,935	(253)	6,763	11,047
2029	641	—	1,482	—	32	2,744	1,900	(233)	6,566	10,750
2030	606	—	1,427	—	25	2,657	1,864	(216)	6,363	10,743
2031	568	—	1,369	—	17	2,576	1,825	(199)	6,156	10,748
2032	530	—	1,308	—	9	2,490	1,784	(182)	5,939	10,733
2033	488	—	1,245	—	2	2,401	1,747	(162)	5,721	10,649
2034	446	—	1,178	—	—	2,318	1,712	(147)	5,507	10,570
2035	400	—	1,108	—	—	2,231	1,674	(132)	5,281	10,568
2036	354	—	1,034	—	—	2,142	1,636	(117)	5,049	10,575
2037	307	—	957	—	—	2,048	1,594	(101)	4,805	10,583
2038	255	—	876	—	—	1,951	1,552	(84)	4,550	10,581
2039	203	—	790	—	—	1,850	1,507	(67)	4,283	10,583
2040	148	—	701	—	—	1,744	1,461	(49)	4,005	10,580
2041	90	—	607	—	—	1,634	1,412	(30)	3,713	10,579
2042	30	—	508	—	—	1,520	1,363	(10)	3,411	10,578
2043	—	—	405	—	—	1,401	1,309	—	3,115	9,615
2044	—	—	296	—	—	1,277	1,254	—	2,827	9,617
2045	—	—	181	—	—	1,149	1,197	—	2,527	9,617
2046	—	—	62	—	—	1,014	1,137	—	2,213	9,618
2047	—	—	—	—	—	875	1,023	—	1,898	9,618
2048	—	—	—	—	—	730	853	—	1,583	9,618
2049	—	—	—	—	—	578	677	—	1,255	9,615
2050	—	—	—	—	—	421	493	—	914	9,619
2051	—	—	—	—	—	257	301	—	558	9,618
2052	—	—	—	—	—	87	102	—	189	9,619
2053	—	—	—	—	—	—	—	—	—	—
2054	—	—	—	—	—	—	—	—	—	—
2055	—	—	—	—	—	—	—	—	—	—
2056	—	—	—	—	—	—	—	—	—	—
2057	—	—	—	—	—	—	—	—	—	—
2058	—	—	—	—	—	—	—	—	—	—
2059	—	—	—	—	—	—	—	—	—	—
Total	\$ 8,756	309	23,423	183	351	52,940	41,356	(3,339)	123,979	299,556

May not total due to rounding.

Source: San Francisco Public Utilities Commission Official Statements.

Statistical Section

Demographic and Economic Information

City and County of San Francisco Economic and General Information

Summary of Accounts by Type of Customer

Water Accounts and Billings

Historical Water Sales in Hundred Cubic Feet

Historical Water Sales in Millions of Gallons per Day

Historical Water Sales in Millions of Gallons

Wholesale Water Customers

Accounts and Billings by Type of Customer

Historical Hetchy Water Sales

Historical Hetchy Power Electric Sales

Historical CleanPowerSF Electric Sales

City and County of San Francisco Economic and General Information

The following provides general economic and demographic information about the City and County of San Francisco (the “City”).

San Francisco Area

The corporate limits of the City encompass over 93 square miles, of which approximately 49 square miles are land, with the balance consisting of tidelands and a portion of the San Francisco Bay. The City is located on a peninsula bounded by the Pacific Ocean to the west, the Bay to the east, the entrance to the Bay and the Golden Gate Bridge to the north and San Mateo County to the south.

San Francisco Economy

San Francisco benefits from a highly skilled, educated, and professional labor force. Key industries include high tech, tourism, real estate, banking and finance, retailing, apparel design and manufacturing. Emerging industries include multimedia and bioscience. The City is the economic center of the nine counties contiguous to the Bay: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties (the “Bay Area”). The economy of the Bay Area includes a wide range of industries, supplying local needs as well as the needs of national and international markets. Major business sectors in the Bay Area include retail and entertainment, conventions and tourism, service businesses, banking, professional and financial services, corporate headquarters, international and wholesale trade, technology, multimedia and advertising, biotechnology, and higher education.

Due to increase of mortgage interest rates, San Francisco median homes prices decreased slightly by \$250,000 from \$1.8 million to \$1.6 million. Personal income per capita for 2023 is \$169,758 and a typical home costs approximately 11 times the typical income, one of the higher home price-to-income ratio in the nation.

San Francisco Population and Income

The City had a population estimated at 798,206 as of fiscal year 2023. The table reflects the population and per capita personal income of the City, as estimated based on the U.S. Census Bureau.

CITY AND COUNTY OF SAN FRANCISCO Population and Income - Fiscal Years 2019-2023		
Fiscal Year	Population ¹	Per Capita Personal Income ²
2019	881,549	133,442
2020	870,393	141,072
2021	811,253	161,532
2022	808,437	165,259
2023	798,206	169,758

¹ 2023 population was estimated by multiplying the estimated 2022 population by the 2020 to 2021 population growth rate. Fiscal year 2020, 2021 and 2022 has been updated from last year's ACFR with newly available data.

² Per capita personal income for 2023 was estimated by dividing the estimated personal income for 2023 by the reported population in 2022. Fiscal years 2020, 2021 and 2022 are updated from last year's ACFR with newly available data. FY2023 was estimated by multiplying the latest quarterly State income by 1,000 and dividing by the estimated 2022 population.

Source: Office of the Controller, City and County of San Francisco

San Francisco Conventions and Tourism

According to the San Francisco Travel Association (the “Travel Association”), a non-profit membership organization, average hotel occupancy was 62.1%, an increase of 43.7% from 2021 and hotel rooms occupied during Moscone conventions totaled 347,788, a 1,933% increase from 2021. San Francisco International Airport served over 42.3 million passengers in 2022, an increase of 74% from 2020 but is still down from 2019's 57.8 million passengers. It is forecast for 2023, leisure travel to continue to steady recovery and is forecast to reach 23.9 million and visitor spending is expected to grow from \$7.4 billion in 2022 to \$8.7 billion in 2023.

San Francisco Employment

According to the data from California Employment Development Department, the City's unemployment rate increased by 0.8% in 2023. This increase is mainly due to the added 4,100 or 0.7% in the labor force. The 0.8% increase is comparable to the overall State unemployment rate increase from 2022 to 2023.

Tables below summarizes information on the civilian labor, employment, and unemployment in the City; and employment by industry from calendar years 2018 to 2022.

CITY AND COUNTY OF SAN FRANCISCO Civilian Labor Force, Employment, and Unemployment ¹ June 2022 and 2023 ²						
Year	Area	Labor Force	Employment	Unemployment	Unemployment Rate	
June 2023	San Francisco	576,700	557,900	18,800	3.3%	
	State	19,308,700	18,364,000	944,700	4.9%	
June 2022	San Francisco	572,600	558,300	14,300	2.5%	
	State	19,138,600	18,347,600	791,000	4.1%	

¹Labor force data reflects the March 2022 benchmark and Census 2022 population controls at the state level. June 2022 data is updated from last year's ACFR with newly available data.

²Data not seasonally adjusted.

Source: California Employment Development Department, Labor Market Information Division.

CITY AND COUNTY OF SAN FRANCISCO Estimated Average Annual Employment by Sector - Calendar Years 2018-2022 ¹					
	2018	2019	2020	2021	2022
Total Farm	200	400	200	300	300
Total Nonfarm	735,000	762,500	696,300	698,700	760,100
Professional & Business Services	195,400	203,100	200,900	200,600	219,100
Leisure & Hospitality	98,500	101,800	59,100	57,000	75,900
Government	98,200	98,800	98,200	101,300	105,900
Educational & Health Services	90,300	94,100	91,500	93,900	95,800
Trade, Transportation & Utilities	82,600	84,300	73,200	70,100	72,700
Financial Activities	59,900	62,000	60,300	61,000	64,200
Information	46,100	52,500	54,600	58,200	64,300
Manufacturing & Construction	36,400	37,900	36,600	33,800	36,600
Other Services	27,800	28,400	22,100	23,100	25,900
Total All Industries	735,200	762,900	696,500	699,000	760,400

¹Data reflects the March 2022 benchmark and 2021 is updated with newly available data.

Source: California Employment Development Department, Labor Market Information Division.

The table below lists 25 major employers in San Francisco County, as reported by the San Francisco Business Times.

CITY AND COUNTY OF SAN FRANCISCO Major Employers	
Employer Name	Industry
More than 10,000 Employees	
City and County of San Francisco	City Government
Salesforce	Customer Relationship Management Software
San Francisco Unified School District (SFUSD)	Public Education
University of California, San Francisco	Health Sciences University and Medical Center
5,000 - 9,999 Employees	
Sutter Health	Health Care System
Uber Technologies Inc.	Ride-Sharing Service
Wells Fargo Bank	Financial Services
1,000 - 4,999 Employees	
Accenture	Professional Services and Technology Consulting
Adobe Inc.	Digital media and marketing
Airbnb Inc.	Online Vacation Rental Services
Allied Universal	Security Systems, Guarding Services
Cisco Systems Inc.	Technology, Networking, Security and Digital
CommonSpirit Health	Health Care System
Cruise	Develops all electric, self-driving vehicles
Deloitte	Accounting, Audit, Tax, Advisory, Consulting
DoorDash Inc.	On-demand logistics platform for local commerce
Ernst and Young	Accounting, Audit, Tax, Advisory, Consulting
First Republic Bank	Financial Services
Kaiser Permanente	Health Care System
LinkedIn Corp	Online Professional Network
Safeway Northern California Division	Grocery stores
Square Inc.	Financial and Merchant Services, Mobile payments
Twitter Inc.	Social Media
United Airlines	Airline Carrier
University of San Francisco	University Education

Source: Calendar year 2021 San Francisco Business Times and City and County of San Francisco. Calendar year 2022 data is not available yet.

San Francisco Taxable Sales

The following table provides information on taxable sales for the City for calendar years 2018 through 2022. Total retail sales increased in 2022 by approximately \$1.8 billion compared to 2021.

CITY AND COUNTY OF SAN FRANCISCO Taxable Sales - Calendar Years 2018-2022 ¹ (\$ in Thousands)					
	2018	2019	2020	2021	2022
Building Material/Garden Equipment/Supplies	\$ 681,369	718,692	642,104	685,895	691,182
Clothing and Clothing Accessories Stores	2,046,414	2,029,312	1,163,031	1,587,968	1,746,756
Food and Beverage Stores	856,217	861,757	746,455	722,410	768,429
Food Services and Drinking Places	4,844,464	5,046,263	2,081,728	2,953,373	4,266,095
Gasoline Stations	583,480	548,509	304,977	432,768	612,261
General Merchandise Stores	790,845	755,350	560,059	667,930	691,405
Home Furnishings and Appliance Stores	1,018,006	1,034,213	768,022	919,239	940,945
Motor Vehicle and Parts Dealers	674,008	601,929	593,476	625,719	575,323
Other Retail Stores ²	2,535,667	2,671,219	2,690,590	2,508,494	2,633,438
Retails Stores Total	\$ 14,030,470	14,267,244	9,550,442	11,103,796	12,925,834
All Other Outlets not listed above	6,312,252	6,689,891	4,839,281	4,839,281	6,685,572
Total All Outlets	\$ 20,342,722	20,957,135	14,389,723	16,607,116	19,611,406

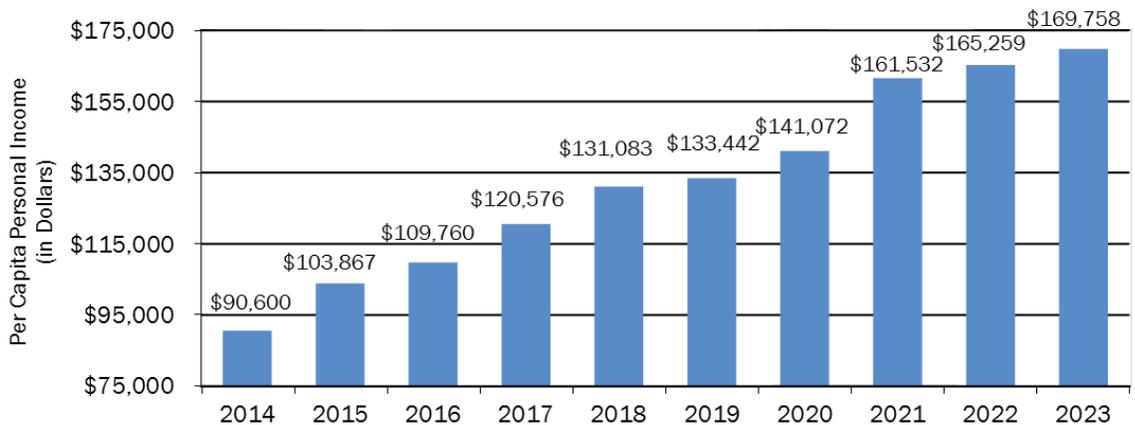
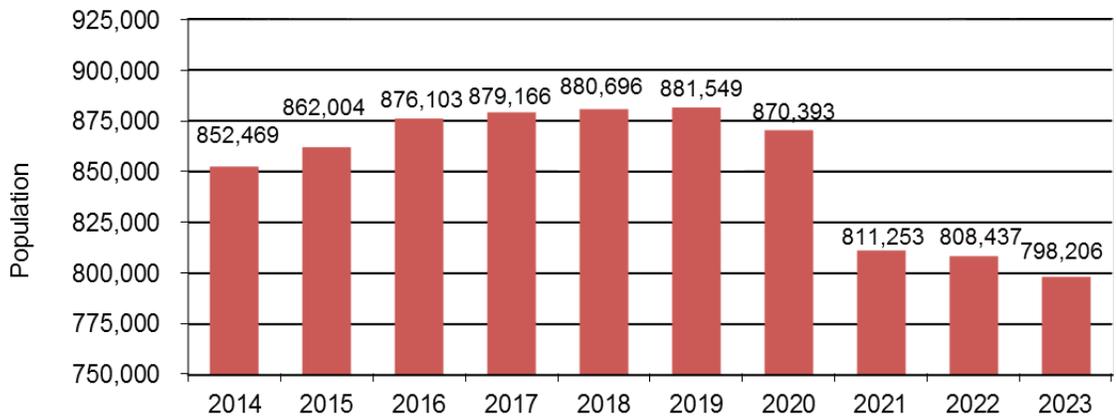
¹Most recent annual data available and may not total due to rounding.

²Other Retail Stores include Health and Personal Care Stores, Sporting Goods, Hobby Book, and Music stores, Miscellaneous Store Retailers, and Non-store Retailers.

Source: California Department of Tax and Fee Administration.

Demographic and Economic Information
 San Francisco Population and Income
 Fiscal Years Ended 2014 to 2023

Year	Population ¹	Personal Income (In Thousands) ²	Per Capita Personal income ²
2014	852,469	\$ 77,233,279	\$ 90,600
2015	862,004	89,533,450	103,867
2016	876,103	96,161,308	109,760
2017	879,166	106,006,635	120,576
2018	880,696	115,444,581	131,083
2019	881,549	117,635,944	133,442
2020	870,393	122,788,484	141,072
2021	811,253	131,043,138	161,532
2022	808,437	133,601,151	165,259
2023	798,206 ³	137,238,298 ⁴	169,758 ⁵



¹Data from US Census Bureau. Fiscal year 2020, 2021 and 2022 has been updated from last year's Annual Comprehensive Financial Report (ACFR) with newly available data.

²Data from US Bureau of Economic Analysis. Fiscal years 2020, 2021 and 2022 are updated from last year's ACFR with newly available data.

³2023 population was calculated by multiplying the estimated 2022 population by the 2020 to 2021 population growth rate.

⁴Personal income was estimated by assuming that its percentage of state personal income in fiscal years 2021 and 2022 remained at the 2021 level of 4.44 percent.

⁵Per capita personal income for 2023 was estimated by dividing the estimated personal income for 2023 by the reported population in 2022. 2023 was estimated by multiplying the latest quarterly State income by 1,000 and dividing by the estimated 2022 population.

Source: Office of the Controller, City and County of San Francisco.

Demographic & Economic Information
San Francisco City and County Principal Employers

Employer	2021 ¹			2012 ²		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City and County of San Francisco	35,802	1	6.4 %	25,458	1	5.3 %
University of California, San Francisco	29,500	2	5.3	22,664	2	4.7
Salesforce	10,603	3	1.9	4,000	9	0.8
San Francisco Unified School District	10,322	4	1.8	8,189	5	1.7
Sutter Health	6,100	5	1.1	—	—	—
Wells Fargo Bank	5,899	6	1.1	8,300	4	1.7
Uber Technologies Inc.	5,500	7	1.0	—	—	—
Allied Universal	4,095	8	0.7	—	—	—
Kaiser Permanente	3,921	9	0.7	3,581	10	0.8
First Republic Bank	3,042	10	0.5	—	—	—
Pacific Gas & Electric Corporation	—	—	—	4,415	7	0.9
California Pacific Medical Center	—	—	—	8,559	3	1.8
Gap, Inc.	—	—	—	6,000	6	1.3
State of California	—	—	—	4,184	8	0.9
Total	114,784		20.5 %	95,350		19.9 %
Total City Employment³			561,308			477,650

¹Calendar year 2022 data is not available so the latest data as of April 2022 is presented for calendar year 2021. City and County of San Francisco data provided by Office of Controller's Payroll and Personnel Services Division. The University of California, SF data is from the Data Source Corporate Personnel Data Warehouse. All other data is obtained from the San Francisco Business Times Book of Lists.

²Percentages have been restated based on updated employment information, and as a result, may differ from amounts reported in the fiscal year 2011-12 Annual Comprehensive Financial Report from the City and County of San Francisco.

³Data is from State of California Employee Development Department.

Source: Office of the Controller, City and County of San Francisco.

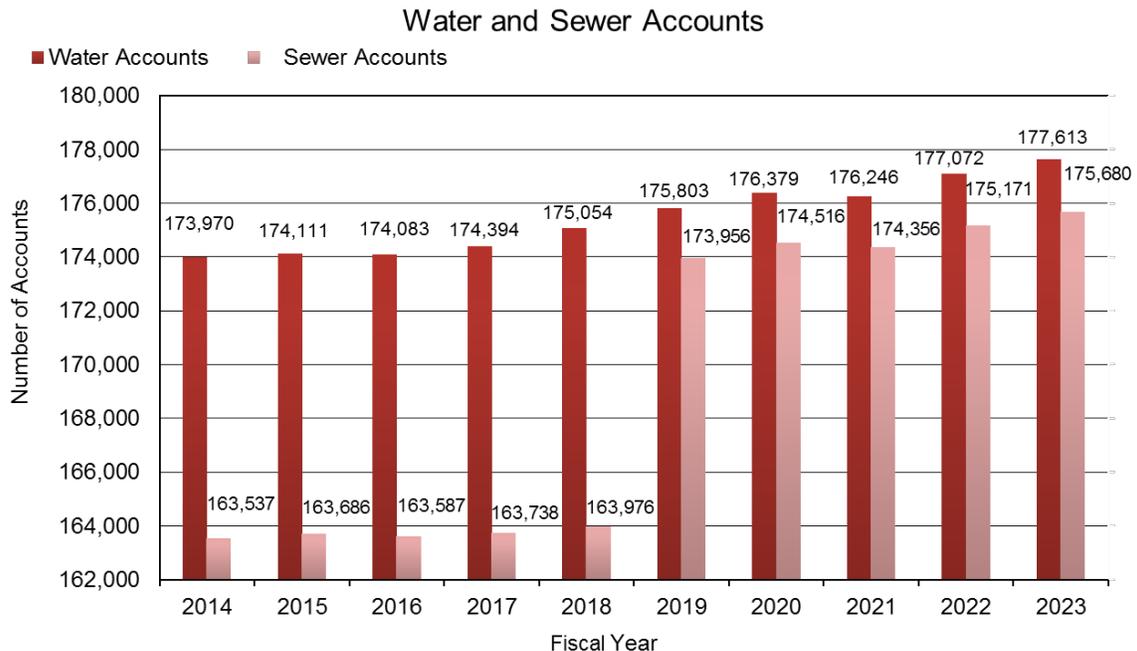
Demographic & Economic Information
 Summary of Water and Sewer Accounts by Type of Customer
 Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Account Types										
Retail - San Francisco										
Multi-Family Residential	41,165	41,279	41,369	41,594	42,101	42,482	42,849	43,360	43,693	44,020
Single-Family Residential	110,144	110,140	110,050	110,118	110,153	110,413	110,584	110,113	110,485	110,659
Commercial	20,354	20,384	20,320	20,344	20,429	20,512	20,509	20,306	20,399	20,423
Industrial	82	81	81	80	80	81	77	75	72	69
Municipal	1,843	1,849	1,885	1,882	1,915	1,939	1,985	2,019	2,049	2,067
Subtotal	173,588	173,733	173,705	174,018	174,678	175,427	176,004	175,873	176,698	177,238
Retail - Other										
Commercial	88	85	85	83	86	87	87	86	87	86
Municipal	1	1	1	1	1	1	1	1	1	1
Other	3	3	3	3	3	2	2	2	2	2
Residential	212	211	211	211	208	208	207	206	206	208
Subtotal	304	300	300	298	298	298	297	295	296	297
Wholesale										
Private utilities	21	22	22	22	22	22	22	22	22	22
Public utilities	57	56	56	56	56	56	56	56	56	56
Subtotal	78	78	78	78	78	78	78	78	78	78
Total water accounts	173,970	174,111	174,083	174,394	175,054	175,803	176,379	176,246	177,072	177,613
Sewer Account Types										
Retail & Resale										
Multi-Family Residential	36,248	36,313	36,293	36,323	36,326	36,387	36,467	36,528	36,595	36,603
Single-Family Residential	111,125	111,173	111,137	111,268	111,385	111,681	111,869	111,398	111,786	111,995
Commercial ²	15,430	15,460	15,411	15,388	15,494	24,465	24,721	24,941	25,278	25,564
Municipal ²	725	731	738	751	763	1,109	1,150	1,182	1,208	1,218
Suburban (Watershed Keepers)	9	9	8	8	8	8	7	7	7	6
Unmetered Properties ¹	No data prior to fiscal year 2019					306	302	300	297	294
Total sewer accounts	163,537	163,686	163,587	163,738	163,976	173,956	174,516	174,356	175,171	175,680

¹Beginning in fiscal year 2019, Unmetered Properties accounts are included.

²Large increase in commercial sewer accounts in fiscal year 2019 is due to new requirements that all water accounts for fire-fighting purposes have a corresponding sewer account. Fiscal year 2019 sewer accounts were updated between Commercial and Municipal.

Source: San Francisco Public Utilities Commission Customer Care and Billing System and Rate Schedules.



Demographic & Economic Information
 Summary of Hetchy Water, Hetchy Power and CleanPowerSF Accounts by Type of Customer
 Fiscal Years Ended 2014 to 2023

Hetchy Water

Accounts	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Upcountry Water Sales	7	7	6	5	5	5	5	5	5	5

Source: San Francisco Public Utilities Commission Customer Care and Billing System.

Hetchy Power

Electric Meters	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City Agencies	1,470	1,480	1,494	1,491	1,511	1,499	1,512	1,489	1,522	1,546
Non-City Agencies*	758	783	1,090	1,536	1,996	2,209	2,526	3,858	3,551	4,654
Moccasin/City of Riverbank	41	40	41	39	38	37	37	36	35	36
Modesto/Turlock Irrigation Districts	2	2	2	2	2	2	2	2	2	2
Total accounts**	2,271	2,305	2,627	3,068	3,547	3,747	4,077	5,385	5,110	6,238

Gas and Steam Meters

Nature Gas	351	352	359	351	355	352	352	352	355	356
Steam	12	12	12	12	12	12	12	12	12	12
Total accounts	363	364	371	363	367	364	364	364	367	368

* Non-City Agencies include electric retail and municipal customers such as Moscone tenants, Exploratorium, and Yerba Buena Gardens. Increases from fiscal years 2016 to 2021 are new accounts in various Redevelopment Projects and the Distributed Antenna System.

**The decrease in accounts from fiscal year 2021 to 2022 is due to corrections to the customer type during the new billing system transition. New accounts from affordable housing units contributed to the increase from fiscal year 2022 to 2023.

Source: San Francisco Public Utilities Commission Power Enterprise Customer To Meter Billing System. Fiscal year 2020 and prior was from Utility Star Billing System.

CleanPowerSF

Account	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
Residential			364	69,492	74,160	343,807 ^	351,219 ^	352,835	356,443	365,800
Commercial										
Small Commercial Service			6,256	6,169	6,422	27,750	27,368	27,044	26,569	26,961
Medium Commercial Service			541	504	688	2,428	2,381	2,272	2,124	2,050
Large Commercial Service			299	314	336	1,812	1,887	1,859	1,819	2,016
Agricultural			—	3	7	25	25	25	27	22
Street and Outdoor Lighting			—	—	—	306	299	297	297	305
Commercial Subtotal			7,096	6,990	7,453	32,321	31,960	31,497	30,836	31,354
Total accounts			7,460	76,482	81,613	376,128	383,179	384,332	387,279	397,154

^Increase is from completion of citywide enrollment

*Fiscal year 2022 data was as of November, 2022.

Source: Calpine's customer snapshot reports..

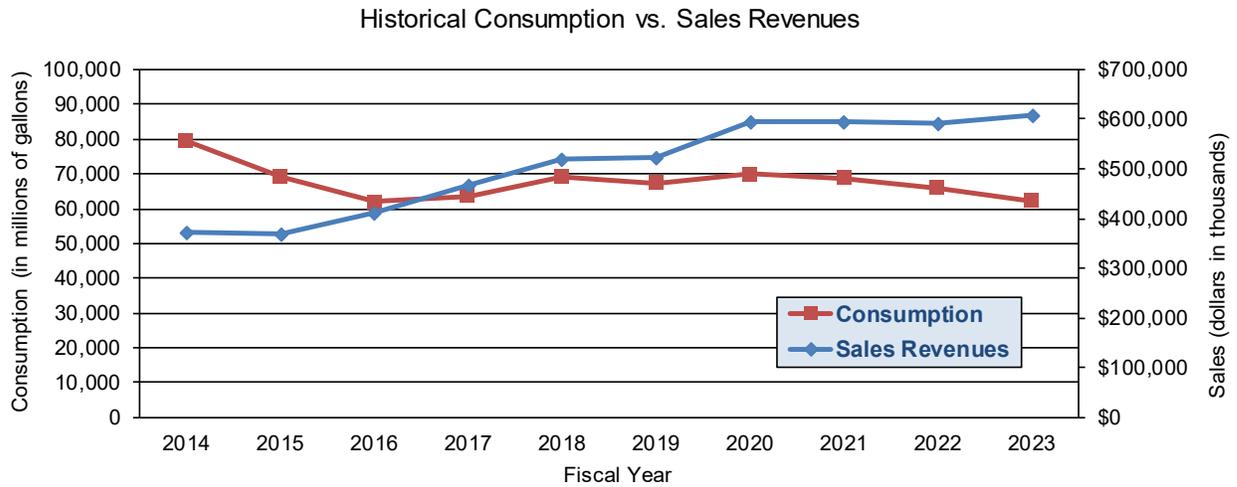
Demographic & Economic Information
 Water Accounts and Billings
 Fiscal Years Ended 2014 to 2023
 (Dollars in Thousands)

Fiscal Year	Number of Consumer Accounts	Water Consumed (CCF)*	Water Consumed (MG)**	Service Charges Billed (\$)	Water Charges Billed (\$)	Total Amount Billed (\$)
2014	173,970	106,183,899	79,425	31,849	339,139	370,988
2015	174,111	92,624,944	69,284	33,561	336,182	369,743
2016	174,083	82,783,466	61,923	37,125	375,020	412,145
2017	174,394	85,169,254	63,706	40,650	425,629	466,279
2018	175,054	92,689,320	69,331	43,748	476,385	520,133
2019	175,803	89,997,393	67,319	44,104	478,448	522,552
2020	176,379	93,495,127	69,934	47,310	548,199	595,509
2021	176,246	91,994,566	68,812	50,391	545,521	595,912
2022	177,072	88,243,491	66,005	53,820	537,588	591,408
2023	177,613	83,190,560	62,227	54,062	553,100	607,162

*Hundred cubic feet = 748 gallons

**Millions of gallons

Source: Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.



Demographic & Economic Information
Historical Water Sales in Hundred Cubic Feet
Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023 % of Total
Retail Customers											
Multi-Family Residential	11,790,707	10,923,723	10,511,291	10,730,224	11,088,325	11,001,321	11,377,523	11,091,058	10,652,590	10,623,605	12.8%
Single-Family Residential	8,124,179	7,056,525	6,674,624	6,765,508	6,954,084	6,766,191	7,051,008	7,101,350	6,413,178	6,085,256	7.3%
Commercial ¹	9,249,884	8,881,095	8,486,990	8,286,580	8,539,377	8,145,347	7,391,713	5,152,409	5,761,374	6,065,939	7.3%
Industrial	96,073	100,995	94,178	92,846	86,555	84,142	73,296	43,251	47,821	46,458	0.1%
Municipal ^{3,4,6}	1,818,869	1,351,523	1,252,031	1,519,354	1,582,906	1,592,205	1,652,984	1,387,438	1,388,349	1,224,514	1.5%
Suburban Retail ³	2,090,360	1,860,949	1,556,586	1,397,568	1,524,511	1,426,850	1,474,800	1,368,225	1,329,569	1,337,597	1.5%
Retail water sales	33,170,072	30,174,810	28,575,700	28,792,081	29,775,757	29,016,056	29,021,324	26,143,730	25,592,881	25,383,369	30.5%
Wholesale Customers											
California Water Service ²	16,478,539	14,177,253	11,442,469	11,853,307	13,437,872	12,823,623	14,158,729	14,422,994	14,163,074	12,855,814	15.5%
Hayward Municipal Water	7,402,067	6,634,616	5,979,616	6,281,522	7,101,954	6,821,848	6,929,989	7,098,350	6,854,523	6,143,665	7.4%
City of Palo Alto	5,520,468	4,671,433	4,006,084	4,382,560	4,859,576	4,600,987	4,757,199	4,785,384	4,709,184	4,210,399	5.1%
City of Sunnyvale	4,169,463	3,801,695	3,816,230	3,966,024	4,615,487	4,281,432	4,602,280	4,745,166	4,336,157	3,948,671	4.7%
City of Redwood City	4,457,196	3,909,265	3,484,888	3,764,419	4,109,993	3,945,340	4,269,768	4,180,327	3,862,674	3,521,880	4.2%
Alameda County Water District	5,837,509	3,885,891	2,924,129	3,039,722	3,875,669	3,745,166	3,788,287	4,638,801	4,575,609	5,060,306	6.1%
City of Mountain View	4,405,542	3,715,499	3,285,167	3,374,726	3,679,915	3,551,507	3,706,595	3,857,685	3,600,525	3,288,144	4.0%
City of Milpitas	3,244,023	2,556,289	2,199,649	2,361,244	2,544,956	2,504,392	2,956,102	2,618,214	2,332,408	2,193,250	2.6%
City of San Jose	2,263,880	2,189,406	1,990,436	2,017,559	2,198,147	2,104,452	2,065,632	2,052,823	1,975,039	1,850,941	2.2%
Estero Municipal Improvement District	1,983,373	1,942,828	1,755,953	1,869,684	2,064,667	1,966,799	2,115,607	2,101,149	1,887,409	1,715,469	2.1%
All Other Wholesale Customers ²	17,251,767	14,965,959	13,323,145	13,466,407	14,425,326	14,635,791	15,123,615	15,349,943	14,354,008	13,018,652	15.6%
Wholesale water sales	73,013,827	62,450,134	54,207,766	56,377,174	62,913,563	60,981,337	64,473,803	65,850,836	62,650,610	57,807,191	69.5%
Total water sales	106,183,899	92,624,944	82,783,466	85,169,254	92,689,320	89,997,393	93,495,127	91,994,566	88,243,491	83,190,560	100.0%
% Change from prior year	1.0%	-12.8%	-10.6%	2.9%	8.8%	-2.9%	3.9%	-1.6%	-4.1%	-5.7%	
Number of accounts	173,970	174,111	174,083	174,394	175,054	175,803	176,379	176,246	177,072	177,613	
Retail	173,892	174,033	174,005	174,316	174,976	175,725	176,301	176,168	176,994	177,535	
Wholesale	78	78	78	78	78	78	78	78	78	78	

¹Includes Docks and Ships under Commercial.

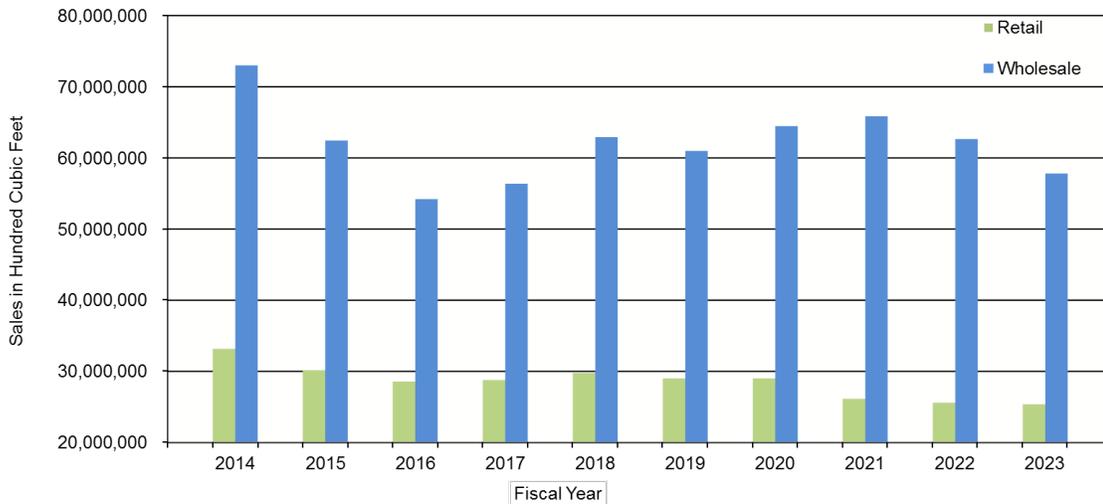
²From fiscal year 2016 onward, California Water Service Company, Daly City, and San Bruno are participating in the conjunctive use groundwater program. These customers receive a bill credit for regional water system usage in-lieu of groundwater pumping. Totals reported in this table exclude water credited under the conjunctive use program.

³Master-metered Treasure Island water sales were included under Commercial from fiscal year 2011 and 2012 and under Suburban Retail from fiscal year 2013 to fiscal year 2016. Beginning in fiscal year 2017, they have been classified under Municipal. Current Treasure Island usage represents purchases by the Treasure Island Development Authority and various commercial, residential, and governmental leases. As new development is completed on Treasure Island, customers will open individual accounts under the appropriate commercial or residential line items, and the master-metered amount will be reduced accordingly.

⁴Beginning in fiscal year 2017, recycled water sales to Harding Park are included under Municipal.

Source: Rate Schedules, Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.

Historical Water Sales Volumes



Demographic & Economic Information
Historical Water Sales in Millions of Gallons per Day
Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023 % of Total
Retail Customers											
Multi-Family Residential	24.2	22.4	21.5	22.0	22.7	22.5	23.3	22.7	21.9	21.8	12.9%
Single-Family Residential	16.6	14.5	13.6	13.9	14.3	13.9	14.4	14.6	13.1	12.5	7.3%
Commercial ¹	19.0	18.2	17.3	17.0	17.5	16.7	15.1	10.6	11.8	12.4	7.3%
Industrial	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1%
Municipal ^{3,4,6}	3.7	2.8	2.6	3.1	3.2	3.3	3.4	2.8	2.8	2.5	1.5%
Suburban Retail ³	4.3	3.8	3.2	2.9	3.1	2.9	3.0	2.8	2.7	2.7	1.5%
Retail water sales	68.0	61.9	58.4	59.1	61.1	59.5	59.3	53.6	52.4	52.0	30.5%
Wholesale Customers											
California Water Service ²	33.8	29.1	23.4	24.3	27.5	26.3	29.0	29.6	29.0	26.4	15.6%
Hayward Municipal Water	15.2	13.6	12.2	12.9	14.6	14.0	14.2	14.5	14.0	12.6	7.4%
City of Palo Alto	11.3	9.6	8.2	9.0	10.0	9.4	9.7	9.8	9.6	8.6	5.1%
City of Sunnyvale	8.5	7.8	7.8	8.1	9.5	8.8	9.4	9.7	8.9	8.1	4.7%
City of Redwood City	9.1	8.0	7.1	7.7	8.4	8.1	8.8	8.6	7.9	7.2	4.2%
Alameda County Water District	12.0	8.0	6.0	6.2	7.9	7.7	7.7	9.5	9.4	10.4	6.1%
City of Mountain View	9.0	7.6	6.7	6.9	7.5	7.3	7.6	7.9	7.4	6.7	4.0%
City of Milpitas	6.6	5.2	4.5	4.8	5.2	5.1	6.1	5.4	4.8	4.5	2.6%
City of San Jose	4.6	4.5	4.1	4.1	4.5	4.3	4.2	4.2	4.1	3.8	2.2%
Estero Municipal Improvement District	4.1	4.0	3.6	3.8	4.2	4.0	4.3	4.3	3.9	3.5	2.1%
All Other Wholesale Customers ²	35.4	30.7	27.3	27.6	29.6	30.0	31.0	31.5	29.5	26.7	15.6%
Wholesale water sales	149.7	128.0	110.8	115.5	128.9	125.0	131.6	135.0	128.4	118.5	69.5%
Total water sales	217.7	189.9	169.2	174.6	190.0	184.5	190.9	188.6	180.8	170.5	100.0%
% Change from prior year	1.0%	-12.8%	-10.6%	2.9%	8.8%	-2.9%	3.9%	-1.6%	-4.1%	-5.7%	
Number of accounts	173,970	174,111	174,083	174,394	175,054	175,803	176,379	176,246	177,072	177,613	
Retail	173,892	174,033	174,005	174,316	174,976	175,725	176,301	176,168	176,994	177,535	
Wholesale	78	78	78	78	78	78	78	78	78	78	

¹Includes Docks and Ships under Commercial.

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Source: Rate Schedules, Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.

Demographic & Economic Information
Historical Water Sales in Millions of Gallons
Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023 % of Total
Retail Customers											
Multi-Family Residential	8,819	8,171	7,862	8,026	8,294	8,229	8,510	8,296	7,968	7,946	12.9%
Single-Family Residential	6,077	5,278	4,993	5,061	5,202	5,061	5,274	5,312	4,797	4,552	7.3%
Commercial ¹	6,919	6,643	6,348	6,198	6,387	6,093	5,529	3,854	4,310	4,537	7.3%
Industrial	72	76	70	69	65	63	55	32	36	35	0.1%
Municipal ^{3,4,6}	1,361	1,011	937	1,136	1,184	1,191	1,236	1,038	1,038	916	1.5%
Suburban Retail ³	1,564	1,392	1,164	1,045	1,140	1,067	1,103	1,023	995	1,001	1.5%
Retail water sales	24,811	22,571	21,375	21,536	22,272	21,704	21,708	19,555	19,143	18,987	30.5%
Wholesale Customers											
California Water Service ²	12,326	10,605	8,559	8,866	10,052	9,592	10,591	10,788	10,594	9,616	15.5%
Hayward Municipal Water	5,537	4,963	4,473	4,699	5,312	5,103	5,184	5,310	5,127	4,595	7.4%
City of Palo Alto	4,129	3,494	2,997	3,278	3,635	3,442	3,558	3,579	3,522	3,149	5.1%
City of Sunnyvale	3,119	2,844	2,855	2,967	3,452	3,203	3,443	3,549	3,243	2,954	4.7%
City of Redwood City	3,334	2,924	2,607	2,816	3,074	2,951	3,194	3,127	2,889	2,634	4.2%
Alameda County Water District	4,366	2,907	2,187	2,274	2,899	2,801	2,834	3,470	3,423	3,785	6.1%
City of Mountain View	3,295	2,779	2,457	2,524	2,753	2,657	2,773	2,886	2,693	2,460	4.0%
City of Milpitas	2,427	1,912	1,645	1,766	1,904	1,873	2,211	1,958	1,745	1,641	2.6%
City of San Jose	1,693	1,638	1,489	1,509	1,644	1,574	1,545	1,536	1,477	1,385	2.2%
Estero Municipal Improvement District	1,484	1,453	1,313	1,399	1,544	1,471	1,582	1,572	1,412	1,283	2.1%
All Other Wholesale Customers ²	12,904	11,195	9,966	10,073	10,790	10,948	11,312	11,482	10,737	9,738	15.6%
Wholesale water sales	54,614	46,713	40,548	42,170	47,059	45,615	48,226	49,257	46,862	43,240	69.5%
Total water sales	79,425	69,284	61,923	63,706	69,331	67,319	69,934	68,812	66,005	62,227	100.0%
% Change from prior year	1.0%	-12.8%	-10.6%	2.9%	8.8%	-2.9%	3.9%	-1.6%	-4.1%	-5.7%	
Number of accounts	173,970	174,111	174,083	176,379	175,054	175,803	176,379	176,246	177,072	177,613	
Retail	173,892	174,033	174,005	176,301	174,976	175,725	176,301	176,168	176,994	177,535	
Wholesale	78	78	78	78	78	78	78	78	78	78	

¹Includes Docks and Ships under Commercial.

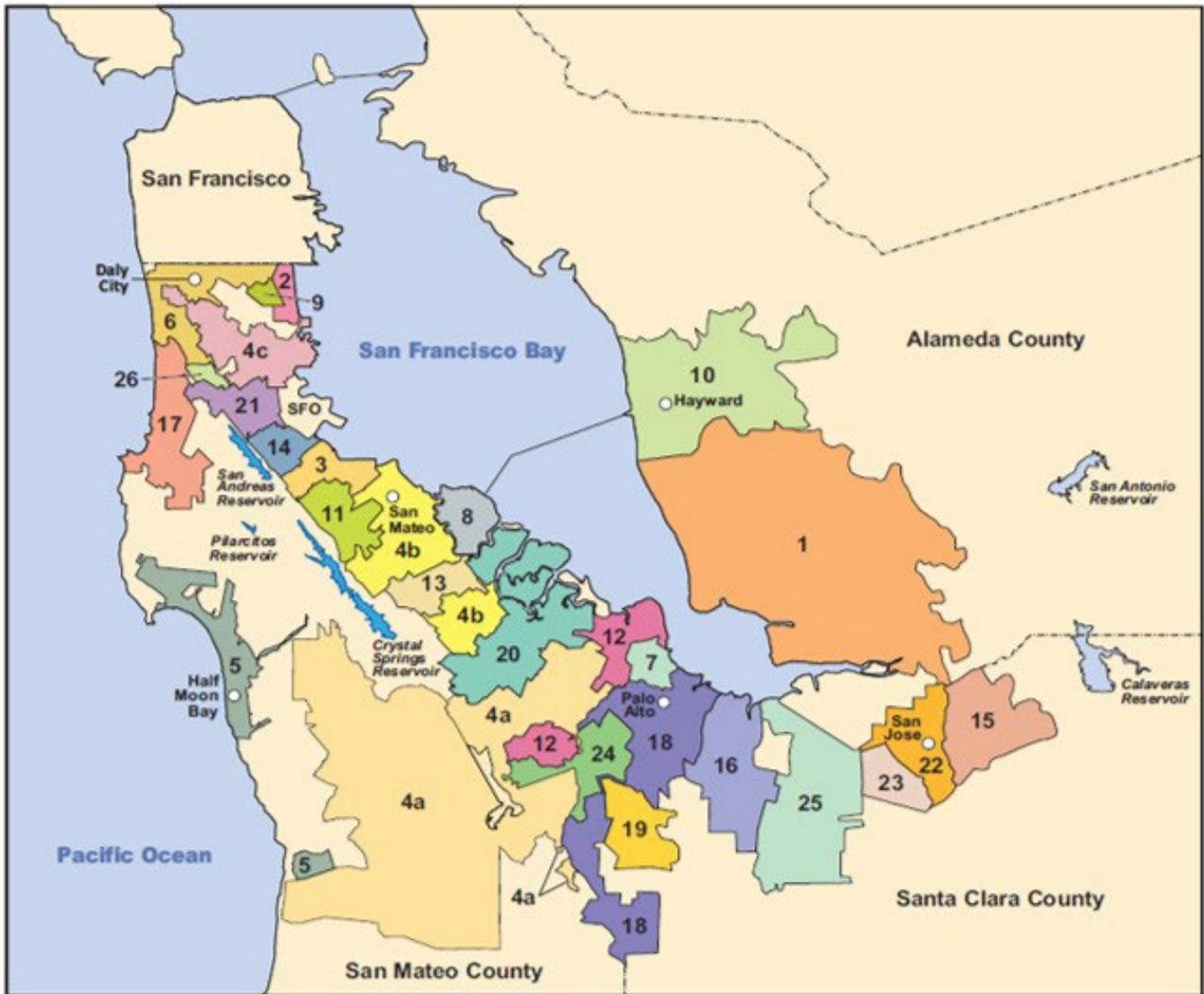
²From fiscal year 2016 onward, California Water Service Company, Daly City, and San Bruno are participating in the conjunctive use groundwater program. These customers receive a bill credit for regional water system usage in-lieu of groundwater pumping. Totals reported in this table exclude water credited under the conjunctive use program.

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Source: Rate Schedules, Summary of Annual Water Sales reports, San Francisco Public Utilities Commission Customer Care and Billing System.

**Wholesale Water Customers
Map of Bay Area Water Supply and Conservation Agency (BAWSCA) Members**



- | | |
|--|---------------------------------------|
| 1. Alameda County Water District | 13. Mid-Peninsula Water District |
| 2. City of Brisbane | 14. City of Millbrae |
| 3. City of Burlingame | 15. City of Milpitas |
| 4a. California Water Service Company - Bear Gulch | 16. City of Mountain View |
| 4b. California Water Service Company - Mid-Peninsula | 17. North Coast County Water District |
| 4c. California Water Service Company - South San Francisco | 18. City of Palo Alto |
| 5. Coastside County Water District | 19. Purissima Hills Water District |
| 6. City of Daly City | 20. City of Redwood City |
| 7. City of East Palo Alto | 21. City of San Bruno |
| 8. Estero Municipal Improvement District | 22. City of San Jose |
| 9. Guadalupe Valley Municipal Improvement District | 23. City of Santa Clara |
| 10. City of Hayward | 24. Stanford University |
| 11. Town of Hillsborough | 25. City of Sunnyvale |
| 12. City of Menlo Park | 26. Westborough Water District |

*Cordilleras Mutual Water is a SFPUC Wholesale Customer but not a member of BAWSCA.
Source: Bay Area Water Supply and Conservation Agency (BAWSCA), San Mateo County General Plan.

Demographic & Economic Information
Water Accounts & Billings by Type of Customer
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Customer Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Multiple-Family Residential										
Number of accounts	41,165	41,279	41,369	41,594	42,101	42,482	42,849	43,360	43,693	44,020
Billings	\$ 65,880	68,517	74,055	83,180	91,994	97,879	109,461	115,888	121,922	125,529
Single-Family Residential										
Number of accounts	110,144	110,140	110,050	110,118	110,153	110,413	110,584	110,113	110,485	110,659
Billings	\$ 51,586	50,670	54,209	60,424	66,304	69,840	78,329	85,094	84,328	83,030
Commercial¹										
Number of accounts	20,354	20,384	20,320	20,344	20,429	20,512	20,509	20,306	20,399	20,423
Billings	\$ 56,522	58,416	63,080	67,748	74,720	76,950	76,586	59,883	71,480	76,805
Industrial										
Number of accounts	82	81	81	80	80	81	77	75	72	69
Billings	\$ 568	644	677	736	738	796	765	528	612	614
Municipal²										
Number of accounts	1,843	1,849	1,885	1,882	1,916	1,939	1,985	2,019	2,049	2,067
Billings	\$ 9,455	8,719	9,274	11,999	13,147	14,253	15,901	14,541	16,224	15,279
Suburban Retail										
Number of accounts	304	300	300	298	297	298	297	295	296	297
Billings	\$ 8,023	8,122	7,845	8,836	10,466	10,313	11,127	11,113	11,668	12,693
Wholesale										
Number of accounts	78	78	78	78	78	78	78	78	78	78
Billings	\$ 178,954	174,655	203,005	233,356	262,764	252,521	303,340	308,865	285,174	293,212
Total										
Number of accounts	173,970	174,111	174,083	174,394	175,054	175,803	176,379	176,246	177,072	177,613
Billings	\$ 370,988	369,743	412,145	466,279	520,133	522,552	595,509	595,912	591,408	607,162
Percentage of Revenue										
Residential	31.7%	32.2%	31.1%	30.8%	30.4%	32.1%	31.5%	33.7%	34.9%	34.3%
Non-residential ³	20.1%	20.5%	19.6%	19.2%	19.0%	19.6%	17.5%	14.4%	16.9%	17.4%
Wholesale	48.2%	47.3%	49.3%	50.0%	50.6%	48.3%	51.0%	51.9%	48.2%	48.3%
Total Percentage of Revenue	100.0%									

¹Includes Docks and Ships and Builders and Contractors under Commercial.

²Beginning in fiscal year 2017, Treasure Island and Harding Park recycled water revenues are included in Municipal.

³All Suburban Retail usage is included in the Non-Residential line item for purposes of calculating the percentage of revenue from each customer type. However, Suburban Retail usage includes some residential usage.

Source: San Francisco Public Utilities Commission Customer Care and Billing System.

Demographic & Economic Information
Wastewater Accounts, Billings & Discharge by Type of Customer
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Customer Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Multiple-Family Residential										
Number of accounts	36,248	36,313	36,293	36,323	36,326	36,387	36,467	36,528	36,595	36,603
Hundred cubic feet	10,979,262	10,199,389	9,854,965	9,996,526	10,282,601	10,222,770	10,536,087	10,262,890	9,909,343	9,919,161
Millions of gallons per day	22.5	20.9	20.1	20.2	21.1	20.9	21.5	21.0	20.3	20.3
Billings	\$ 99,603	100,178	101,730	110,829	126,789	133,454	146,548	153,611	161,553	167,375
Single-Family Residential										
Number of accounts	111,125	111,173	111,137	111,268	111,385	111,681	111,869	111,398	111,786	111,995
Hundred cubic feet	7,220,346	6,296,323	5,993,115	6,058,304	6,228,159	6,067,155	6,324,480	6,369,781	5,753,733	5,469,845
Millions of gallons per day	14.8	12.9	12.2	12.3	12.8	12.4	13.0	13.1	11.8	11.2
Billings	\$ 64,377	61,048	61,177	66,661	76,534	79,971	89,688	95,297	96,687	96,545
Commercial ²										
Number of accounts	15,430	15,460	15,411	15,388	15,494	24,465	24,721	24,941	25,278	25,564
Hundred cubic feet	7,931,611	7,594,556	7,366,932	7,171,298	7,230,465	6,978,016	6,246,081	4,154,011	4,818,146	5,131,013
Millions of gallons per day	16.3	15.6	15.1	15.1	14.8	14.3	12.8	8.5	9.9	10.5
Billings	\$ 76,740	76,042	77,387	80,968	89,803	91,069	86,650 [^]	61,071	78,207	86,205
Municipal ^{1,2}										
Number of accounts	725	731	738	751	763	1,109	1,150	1,182	1,208	1,218
Hundred cubic feet	657,708	570,386	588,044	578,015	589,621	585,833	545,917	420,610	476,957	465,494
Millions of gallons per day	1.3	1.2	1.2	1.2	1.2	1.2	1.1	0.9	1.0	1.0
Billings	\$ 6,205	5,534	5,965	7,586	7,163	9,002	8,885	7,605	8,829	9,197
Suburban Retail (Watershed Keepers)										
Number of accounts	9	9	8	8	8	8	7	7	7	6
Hundred cubic feet	303	259	200	221	321	217	216	203	62	150
Millions of gallons per day	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Billings	\$ 3	2	2	2	4	3	3	3	2	3
Unmetered Properties*										
Number of accounts						306	302	302	297	294
Hundred cubic feet						N/A	N/A	N/A	N/A	N/A
Millions of gallons per day						N/A	N/A	N/A	N/A	N/A
Billings						\$ 82	112	117	118	110
Total										
Number of accounts	163,537	163,686	163,587	163,738	163,976	173,956	174,516	174,358	175,171	175,680
Hundred cubic feet	26,789,230	24,660,912	23,803,256	23,804,362	24,331,167	23,853,991	23,652,781	21,207,495	20,958,241	20,985,663
Millions of gallons per day	54.9	50.5	48.6	48.8	49.9	48.8	48.4	43.5	43.0	43.0
Billings	\$ 246,927	242,804	246,261	266,046	300,293	313,581	331,886	317,704	345,396	359,435
Percentage of Revenue										
Residential	66.4%	66.4%	66.2%	66.7%	67.7%	68.1%	71.2%	78.3%	74.8%	73.4%
Non-residential	33.6%	33.6%	33.8%	33.3%	32.3%	31.9%	28.8%	21.7%	25.2%	26.6%
Total Percentage of Revenue	100.0%	100.0%	100.0%	100.0%						

¹Beginning in fiscal year 2017, Treasure Island revenues are included under Municipal.

²Large increase in commercial sewer accounts in fiscal year 2019 is due to new requirements that all water accounts for fire-fighting purposes have a corresponding sewer account. Fiscal year 2019 sewer accounts were updated between Commercial and Municipal.

*Beginning in fiscal year 2019, Unmetered Properties accounts are included.

[^]Billing amount has been updated.

Source: San Francisco Public Utilities Commission Customer Care and Billing System.

Demographic & Economic Information
Historical Hetchy Water Sales
Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales*										
Groveland Community Services District	\$ 151,969	121,840	163,525	168,757	168,377	147,448	160,626	188,208	155,032	139,593
Lawrence Livermore	2,037,396	1,787,240	1,836,447	211,771	630,097	132,893	36,863	2,627,028	3,214,043	2,776,239
State of California	7,875	8,960	9,429	11,430	13,625	13,392	13,139	11,135	12,422	13,948
Other Residential Customers	15,165	13,391	14,368	15,680	14,726	7,943	1,425	3,469	3,979	3,889
Water Assessment	33,309,058	36,800,000	36,600,000	34,600,000	32,600,000	33,578,000	34,585,000	44,149,000	45,815,000	49,636,000
Total sales	\$ 35,521,463	38,731,431	38,623,769	35,007,638	33,426,825	33,879,676	34,797,053	46,978,839	49,200,476	52,569,669
Consumption (hundred cubic feet)**										
Groveland Community Services District	200,328	156,801	161,249	154,319	166,624	143,437	158,037	188,595	151,839	134,734
Lawrence Livermore	376,662	307,606	282,531	28,389	81,029	14,267	2,543	266,323	298,585	251,881
State of California	3,026	1,174	1,230	1,302	1,459	1,346	1,235	960	996	1,119
Other Residential Customers	2,749	2,248	2,152	2,085	1,803	1,986	2,454	2,258	2,105	2,069
Total consumption	582,764	467,829	447,162	186,095	250,915	161,036	164,269	458,136	453,525	389,803

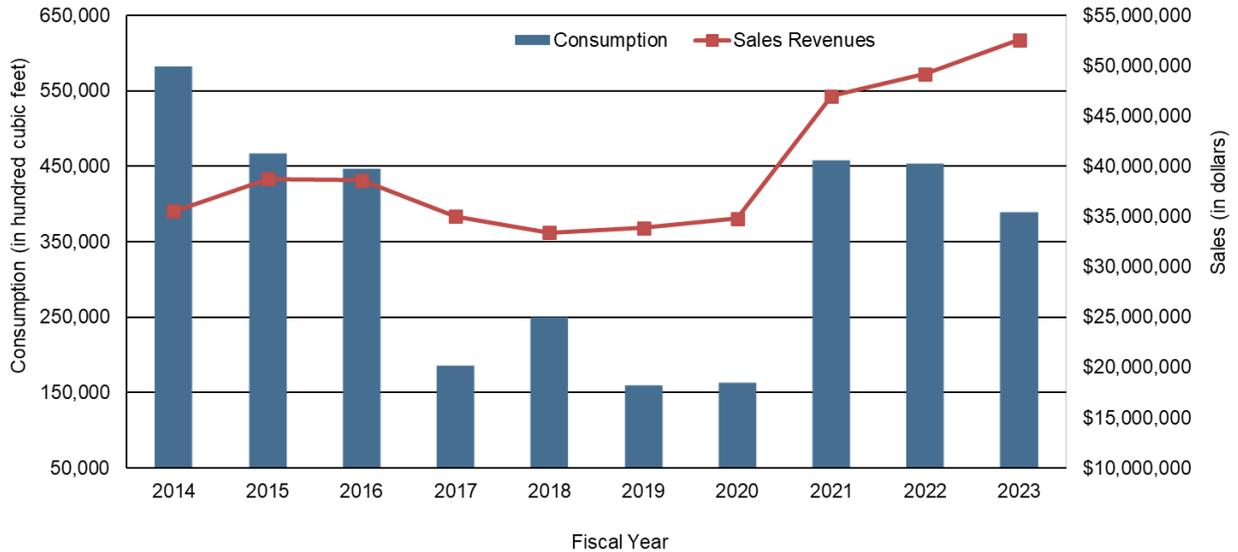
Note: May not total due to rounding.

Source

* City and County of San Francisco Financial System and San Francisco Public Utilities Commission Audited Financial Statements.

** San Francisco Public Utilities Commission Customer Care and Billing System. Fiscal year 2015 and prior was from Moccasin meter readings.

Historical Consumption vs. Sales Revenues



Demographic & Economic Information
Historical Hetchy Power Electric Sales
Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales (Megawatt hours)										
General Fund Rate Subsidized ~	367,904	359,519	373,114	366,880	375,327	366,867	348,157	303,588	331,968	337,995
Enterprise Rate ~	493,254	487,869	495,272	484,070	471,554	477,477	452,951	404,810	422,200	433,999
Wholesale market power sales#	2,400	—	9,520	29,050	15,900	—	84,574	110,043	—	—
Modesto/Turlock Irrigation Districts [◇]	103,489	115,026	377,981	152,321	46,651	—	—	—	—	—
Non-city Agencies*	117,289	101,605	99,568	95,297	112,157	146,527	133,805	128,945	132,250	144,908
Moccasin/City of Riverbank	9,206	25,472	30,451	9,114	9,650	8,235	7,220	7,672	20,939	22,881
Total sales	1,093,542	1,089,491	1,385,906	1,136,732	1,031,239	999,106	1,026,707	955,058	907,357	939,783
Purchases**	76,905	45,465	113,154	808	188,052	157,227	58,477	6,598	6,505	46,806
Generation~	1,032,589	988,649	1,532,068	1,726,072	1,302,461	1,212,348	1,287,848	975,790	1,223,074	1,300,487
Total purchases/generation	1,109,494	1,034,114	1,645,222	1,726,880	1,490,513	1,369,575	1,346,325	980,400	1,229,579	1,347,293
Banked/(Withdrawal) [△]	17,102	78,391	—	—	—	—	—	—	—	—
Sales (Dollars in thousands) ***										
General Fund Rate Subsidized ~	\$ 15,006	18,125	22,151	23,668	26,591	28,766	28,990	28,095	34,154	45,276
Enterprise Rate ~	60,766	65,022	65,897	67,627	67,598	73,224	74,895	68,696	81,707	81,105
Wholesale market power sales#	127	—	157	755	688	—	2,780	468	—	—
Modesto/Turlock Irrigation Districts [◇]	3,431	4,488	13,634	7,700	2,612	—	—	—	—	—
Non-city Agencies *	16,305	14,628	15,610	16,350	19,359	23,258	22,255	22,902	24,753	29,582
Moccasin/City of Riverbank	607	1,100	1,095	550	577	539	625	887	2,377	2,524
Total sales	\$ 96,242	103,363	118,544	116,650	117,425	125,787	129,545	121,048	142,991	158,487
Purchases **	\$ 4,408	2,045	5,546	1,859	8,671	11,832	7,381	6,271	6,430	7,971
Number of meters										
Electric	2,271	2,305	2,627	3,068	3,547	3,747	4,077	5,385	5,110	6,238

*Non-city Agencies include electric retail and municipal customers such as Moscone tenants, Exploratorium, and Yerba Buena Gardens.
**Purchases include Western Systems Power Pool (WSPP), Spot Market with Modesto Irrigation District, Sunset Reservoir Photovoltaic generation. Decrease in fiscal year 2017 was due to no purchases with WSPP.
***Sales in dollars do not include utility and surcharge taxes.
~Includes cogeneration and all in-city solar generation. Generation is generic for all electricity production/output. Cogeneration is specific to the combustion turbines at the Southeast treatment plant.
~~The breakdown for City Agencies is grouped per budget schedule.
@Starting fiscal year 2021, 3rd party sale for attributes is added but is not part of the Total average sale per KWh.
#No sales in fiscal years 2015 and 2019 due to no excess power for sale. WSPP includes only energy sales.
△Closure of the energy bank with PG&E in fiscal year 2015.
◇Purchase agreement ended in December 2017.

Source: San Francisco Public Utilities Commission Power Enterprise Customer To Meter Billing System.
Fiscal year 2020 and prior was from Utility Star Billing System.

Demographic & Economic Information
Historical CleanPowerSF Electric Sales
Fiscal Years Ended 2016 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Power Sales (Megawatt hours)*										
Residential			163	148,220	233,515	433,541	1,236,988 ^	1,295,948	1,217,861	1,265,771
Commercial										
Small Commercial Service			14,985	111,618	116,296	484,704	463,977	398,230	411,281	402,982
Medium Commercial Service			14,129	92,718	88,924	417,703	402,651	331,389	362,464	359,687
Large Commercial Service			12,999	93,968	118,327	797,052	870,886	853,230	869,320	860,008
Agricultural			—	42	1,293	6,043	6,004	7,453	8,835	6,402
Street and Outdoor Lighting			—	—	38	1,452	1,515	1,477	1,467	1,395
Commercial Subtotal			42,113	298,346	324,878	1,706,954	1,745,033	1,591,779	1,653,367	1,630,474
Total Power Sales			42,276	446,566	558,393	2,140,495	2,982,021	2,887,727	2,871,228	2,896,245
Sales (Dollars in thousands)*										
Residential	\$		14	10,782	15,993	30,787	102,434 ^	98,172	109,135	149,734
Commercial										
Small Commercial Service			1,226	8,649	8,716	38,830	38,314	29,289	36,411	44,609
Medium Commercial Service			1,386	7,278	6,809	34,254	33,505	24,516	33,369	40,497
Large Commercial Service			1,109	6,860	8,611	62,595	67,963	58,170	74,068	89,017
Agricultural			—	3	59	329	326	366	581	543
Street and Outdoor Lighting			—	—	3	113	105	91	111	147
Commercial Subtotal			3,721	22,790	24,198	136,121	140,213	112,432	144,540	174,813
Total Sales	\$		3,735	33,572	40,191	166,908	242,647	210,604	253,675	324,547
Average Sale (in Dollars per Kilowatt hour)										
Residential	\$		0.08334	0.07274	0.06849	0.07101	0.08281	0.07575	0.08961	0.11829
Commercial										
Small Commercial Service			0.08181	0.07749	0.07495	0.08011	0.08258	0.07355	0.08853	0.11070
Medium Commercial Service			0.09812	0.07850	0.07657	0.08201	0.08321	0.07398	0.09206	0.11259
Large Commercial Service			0.08530	0.07300	0.07277	0.07853	0.07804	0.06818	0.08520	0.10351
Agricultural			—	—	0.04563	0.05444	0.05430	0.04911	0.06576	0.08482
Street and Outdoor Lighting			—	—	—	0.07782	0.06931	0.06161	0.07566	0.10538
Commercial Subtotal			0.08836	0.07639	0.07448	0.07974	0.08035	0.07063	0.08742	0.10722
Total Average Sales	\$		0.08834	0.07518	0.07198	0.07798	0.08137	0.07293	0.08835	0.11206

^Large increase in residential is due to completion of citywide enrollment.
 **Starting FY2020, the sales dollar data is based on audited financial statements.

Source: *CleanPowerSF Management Reports.

Statistical Section

Operating Information

Budgeted Full-Time Equivalent (FTEs) Employees by Division

Operating and Capacity Indicators

Major Water Wholesale, Retail and Sewer Customer Accounts
by Revenue

Major Electric Retail and Wholesale Customer Accounts by Revenue

Performance Measures

Operating Information
 Budgeted Full-Time Equivalent (FTEs) Employees by Division
 Fiscal Years Ended 2014 to 2023

Enterprises and Bureaus	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Enterprise										
City Distribution & Water Administration	259	260	268	276	291	304	307	300	314	312
Natural Resources	81	82	82	84	85	86	87	89	91	95
Water Quality	76	76	81	82	83	85	85	85	86	86
Water Resources	25	24	24	23	23	23	23	22	23	22
Water Supply & Treatment	236	229	229	232	232	229	229	231	239	239
Total Water	677	671	684	697	714	727	731	727	753	754
Wastewater Enterprise										
Administration	12	11	14	12	12	12	13	12	18	14
Source Control* & Wastewater Labs	66	66	66	65	66	59	60	59	58	61
Environmental Engineering	51	53	53	54	54	58	58	59	60	62
Maintenance	147	141	141	137	138	135	135	141	149	152
Bayside Operations	117	114	115	114	114	111	113	112	112	104
Planning & Regulation	43	47	47	46	47	46	46	32	33	34
Sewer Collection Operations	51	51	51	51	51	59	59	63	65	79
Total Wastewater	487	483	487	479	482	480	484	478	495	506
Hetch Hetchy Water and Power Enterprise										
Hetchy Water										
Water Project Operations	195	201	207	203	206	211	216	217	218	214
Hetchy Power**										
Energy Services	30	30	30	29	30	27	28	—	—	—
Long Range Planning & Light, Heat, and Power	53	51	51	52	52	54	54	109	111	121
Power Administration	23	23	23	20	21	21	21	—	—	—
Subtotal Hetchy Power	106	104	104	101	103	102	103	109	111	121
Total Hetch Hetchy Water and Power	301	305	311	304	309	313	319	326	329	335
CleanPowerSF										
Administration	Data not available - CleanPowerSF launched in May 2016.			9	11	13	19	26	36	32
Total CleanPowerSF				9	11	13	19	26	36	32
Bureaus										
Business Services Admin, AIC [#] , Audit and Financial Services	70	71	71	73	73	73	73	72	74	77
Customer Services	106	106	106	103	103	104	104	103	103	110
Communications	22	22	22	22	22	21	21	21	21	21
General Manager and Others [^]	13	11	11	12	13	18	19	21	28	30
Strategic Planning, Real Estate Services, and Community Benefits	18	18	18	18	18	17	17	22	23	24
Human Resource Services	57	58	59	58	58	58	58	62	69	72
Information Technology Services	74	78	78	78	78	78	78	79	81	80
Infrastructure	368	384	389	385	385	380	376	377	374	375
Total Bureaus	728	748	754	749	750	749	746	757	773	789
Total SFPUC annually budgeted positions	2,193	2,207	2,236	2,238	2,266	2,282	2,299	2,314	2,386	2,416
Annual Salary Ordinance Positions (AAO) ~	2,404	2,430	2,456	2,473	2,493	2,542	2,557	2,599	2,657	2,720

*Fiscal year 2014 and prior is known as BERM, acronym for Bureau of Environmental Regulation Management.

**Beginning fiscal year 2021, Hetchy Power positions are reported under Long Range Planning and Light, Heat, and Power.

#AIC is acronym for Assurance and Internal Controls. Effective Feb 2019, AIC was realigned to two teams: 1. Audit and Compliance and 2. Strategy, Innovation and Change.

[^]FTEs were added for Security in fiscal year 2011 and Enterprise Workforce Planning in fiscal year 2017.

~AAO includes temporary positions and attrition.

Source: Annual Salary Ordinance.

Operating Information
Water Operating & Capacity Indicators
Fiscal Years Ended 2014 to 2023

Water	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water mains (miles) ^{^^}	1,240	1,240	1,718 [^]	1,717 [^]	1,718	1,719	1,719	1,719	1,719	1,719
Water main breaks repaired	116	97	136	102	133	168	142	161	191	208
New service installations	1,144	837	710	1,162	733	628	610	543	428	496
Meter installed and replaced	1,030	1,360	1,395	2,209	1,888	1,699	1,817	1,835	718	871
Responses to fire alarms	28	22	20	20	24	13	12	16	14	23
Production and Consumption (millions of gallons)										
Water production	80,582	69,553	64,454	68,995	73,330	71,272	75,034	73,767	68,271	64,446
Average daily production	221	191	176	189	201	195	205	202	187	177
Maximum daily production	300	255	242	283	272	275	277	274	237	241
Water consumption	79,425	69,284	61,932	63,706	69,331	67,319	69,934	68,812	66,005	62,227
Average daily consumption	217.7	189.9	169.2	174.6	190.0	184.5	190.9	188.6	180.8	170.5
Watershed area (acres)										
Alameda	37,314	37,314	37,314	37,314	37,314	37,314	38,306	38,306	38,944	38,944
Peninsula	22,854	22,854	22,854	22,854	22,854	22,854	22,854	22,854	22,854	22,854
Total	60,168	60,168	60,168	60,168	60,168	60,168	61,160	61,160	61,798	61,798
Reservoir storage (millions of gallons)*										
Calaveras [@]	5,488	6,491	8,774	11,986	8,220	13,026	20,390	19,170	19,533	24,952
Crystal Springs	16,707	17,380	17,103	17,385	16,192	17,015	16,940	16,711	16,251	17,565
Pilarcitos	815	767	783	872	773	838	849	622	776	827
San Andreas	5,603	5,626	5,786	5,935	5,587	5,483	5,381	5,123	5,113	5,223
San Antonio	13,579	14,433	14,927	14,576	13,263	14,835	14,434	14,917	14,587	15,872
Total	42,192	44,697	47,373	50,754	44,035	51,197	57,994	56,543	56,260	64,439
Treatment plant average capacity (millions of gallons)										
Harry Tracy	21.2	29.3	35.9	45.3	33.2	38.0	34.7	31.7	29.9	29.2
Sunol Valley ^{**}	10.0	16.9	27.0	39.6	16.5	26.1	11.1	6.9	22.6	29.3
Total	31.2	46.2	62.9	84.9	49.7	64.1	45.8	38.6	52.5	58.5

*In addition to these regional reservoirs, San Francisco Public Utilities Commission has In-city system storage capacity of 413 million gallons (value revised based on current reservoir storage operation limits).

**The decrease in fiscal years 2014, 2018, 2020 and 2021 was due to a reduction in treating local reservoir water (Calaveras and San Antonio) in favor of increasing use of Hetchy Water which was not filtered at the plant. Increasing Hetchy Water use reduced treatment costs and conserved local supplies.

[^]The increase in fiscal year 2016 included the suburban mains of 245.9 miles, upcountry mains of 229.5 miles and an increase of approximately 2.8 miles of pipe that was installed as part of the Mission Bay, Candlestick Point and Hunter's View project. The decrease in fiscal year 2017 is mainly related to Pilarcitos Aqueduct.

^{^^}Starting fiscal year 2016, water mains (miles) include suburban.

[@]The Increase of water in the reservoir storage started in fiscal year 2019 due to the completion of the new Calaveras dam.

Source: Water Monthly Operating Report, Hetch Hetchy Capital Outlays Summary, Treatment Plant Influent Flow and Sewer Service Charge Calculation Reports.

Operating Information
Wastewater, Hetchy Water and Hetchy Power Operating & Capacity Indicators
Fiscal Years Ended 2014 to 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Wastewater										
Collection System pipes (miles) [@]	Data not available FY2019 and prior						1,123	1,125	1,131	1,131
Sanitary sewers (miles) [@]	993	993	993	993	993	993	N/A	N/A	N/A	N/A
Transport/storage sewers (miles) [@]	17	17	17	17	17	17	N/A	N/A	N/A	N/A
Sewer breaks repaired	861	1,663	1,520	1,481	912	819	810	531	920	769
Inspection performed (miles)	90	156	80	93	135	215	191	61	56	55
Sewer replaced (miles)	12.8	14.9	19.5	13.6	11.0	11.4	15.2	8.9	3.8	8.1
Responses to customer calls	8,697	16,190	10,863	8,260	8,410	7,885	8,510	6,779	6,929	10,283
Treatment plant/ facilities average daily flow (millions of gallons per day)										
Oceanside plant	15.4	15.6	16.0	18.4	15.3	16.5	14.5	13.9	13.9	16.2
North Point plant	3.1	4.7	7.1	11.8	2.7	4.2	1.1	0.9	2.4	4.7
Southeast plant	66.4	64.4	65.4	74.7	61.9	70.2	56.1	48.7	52.2	63.9
Yerba Buena & Treasure Island	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.4
Total	85.2	85.0	88.8	105.2	80.2	91.3	72.1	63.8	68.8	85.2
Hetchy Water										
Watershed area (square miles)										
Hetch Hetchy	459	459	459	459	459	459	459	459	459	459
Lake Eleanor	79	79	79	79	79	79	79	79	79	79
Lake Lloyd (Cherry)	114	114	114	114	114	114	114	114	114	114
Total	652	652	652	652	652	652	652	652	652	652
Reservoir storage (millions of gallons)*										
Hetch Hetchy	114,354	110,745	117,424	111,755	117,231	113,020	116,653	101,808	115,948	107,925
Lake Eleanor	7,731	7,731	8,677	7,610	8,186	8,677	8,398	8,429	8,614	7,883
Lake Lloyd (Cherry)	72,627	64,025	88,478	77,951 [△]	83,067	87,829	86,332	82,150	85,989	83,869
Total	194,712	182,501	214,579	197,316	208,484	209,526	211,383	192,387	210,551	199,677
Hetchy Power										
Hydroelectric generation (megawatt hours)										
Holm	382,689	436,499	654,952	919,492	431,659	508,060	538,201	339,180	535,177	553,559
Kirkwood	318,379	283,922	528,724	482,996	510,888	401,779	422,278	328,410	390,066	438,612
Moccasin	320,577	255,778	338,005	319,691	356,004	295,766	325,194	304,325	294,705	305,464
Moccasin Low-Head #	22	—	1,359	—	—	—	—	—	—	—
Total	1,021,667**	976,199**	1,523,040[^]	1,722,179[^]	1,298,551**	1,205,605	1,285,673	971,915	1,219,948	1,297,635

[@]Starting FY2020, sanitary sewers and Transport/storage sewers is Included in the Collection System pipes category, which includes combined storm and sanitary collection system pipes, sewer mains, transport/storage boxes, other storage structures, and tunnels.

*In addition to these regional reservoirs, San Francisco Public Utilities Commission has In-City System Storage Capacity of 413 million gallons (value revised based on current reservoir storage operation limits).

[△]The decrease in fiscal year 2017 was mainly due to repair work at Lake Lloyd.

**The decrease in fiscal years 2014, 2015 and 2018 was mainly due to the dry year condition which resulted in less water available for hydroelectric generation.

#Moccasin Low-Head was out of service in fiscal years 2015, and 2017 to 2023.

[^]The increase in fiscal years 2016 and 2017 was due to higher precipitation and lower water bank.

Source: Wastewater Monthly Operating Report, Hetch Hetchy Capital Outlays Summary, Treatment Plant Influent Flow, and Sewer Service Charge Calculation Reports.

Operating Information

Major Water and Sewer Customer Accounts by Revenue Fiscal Years Ended 2014 to 2023 (Dollars in Thousands)

Customer Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water Wholesale Customers										
California Water Service Company	\$ 47,436	46,911	48,792	57,541	63,489	60,859	66,944	67,781	64,447	70,051
Hayward Municipal Water System	21,193	21,475	21,475	28,613	32,316	31,103	31,518	32,130	30,880	29,140
Alameda County Water District	16,141	13,213	13,847	14,366	16,947	16,849	17,609	21,089	20,509	24,485
City of Palo Alto	15,855	15,743	16,946	19,975	21,985	21,134	21,773	21,705	21,323	21,671
City of Sunnyvale	12,201	12,885	15,600	17,810	21,265	19,800	21,029	21,460	19,768	20,375
City of Redwood City	12,847	13,151	14,661	17,169	18,781	18,190	19,408	18,948	17,758	18,241
City of Mountain View	12,691	12,407	13,750	15,340	16,791	16,248	16,790	17,415	16,358	16,895
City of Milpitas	9,311	8,612	9,389	10,722	11,509	11,494	13,284	11,897	10,997	11,307
ESD/San Jose Municipal Water System	6,512	7,185	8,222	9,307	10,182	9,652	9,576	9,410	8,940	9,404
Estero Municipal Improvement District	5,709	6,384	7,216	9,307	9,475	9,015	9,576	9,470	8,630	8,838
Water Retail Customers										
San Francisco International Airport	3,046	3,095	3,220	3,907	4,452	4,880	4,748	3,685	4,420	5,298
Lawrence Livermore National Laboratory	N/A	N/A	1,836	211	631	133	N/A	2,636	3,214	2,776
NASA Shared Services Center (NSSC)	1,551	1,484	1,347	1,741	2,514	2,243	2,481	2,924	2,399	2,457
University of California, San Francisco	1,364	1,100	1,435	1,534	1,689	1,694	2,185	2,304	2,529	2,419
Parkmerced Investors Properties, LLC	1,311	1,393	1,449	1,678	1,840	2,088	2,372	1,878	2,615*	2,345
Golden Gate National Cemetery	N/A	649	839	836	946	900	1,320	1,557	1,663	1,573
Recreation & Parks Department	N/A	878	578	1,393	1,397	1,353	2,679	2,481	2,927	1,432
Public Health Department	628	672	808	1,040	1,168	1,157	1,318	1,223	1,261	1,243
San Francisco State University	N/A	896								
The Presidio	376	505	272	367	756	566	1,273	1,840	991	845
Sewer Retail Customers										
Parkmerced Investors Properties, LLC	2,281	2,326	2,248	2,493	2,790	3,098	3,477	2,779	3,878*	3,476
University of California, San Francisco	2,078	1,882	2,266	2,068	2,360	2,414	2,852	3,068	3,378	3,152
Public Health Department	897	647	1,041	1,334	1,547	1,461	1,635	1,513	1,091	1,534
1169 Market	671	607	579	640	743	694	614	651	894	1,185
San Francisco State University	601	601	618	648	860	810	803	496	804	881
NRG Energy Center San Francisco	779	782	874	926	970	1,043	889	653	632	817
San Francisco Lessee, LLC	N/A	800								
Bayside Village	315	325	477	461	525	569	641	701	795	793
Hyatt Corporation	671	607	579	640	743	694	N/A	N/A	N/A	633
The Stonestown Properties	N/A	N/A	N/A	N/A	595	722	761	831	617	628

Source: San Francisco Public Utilities Commission Customer Care and Billing System.

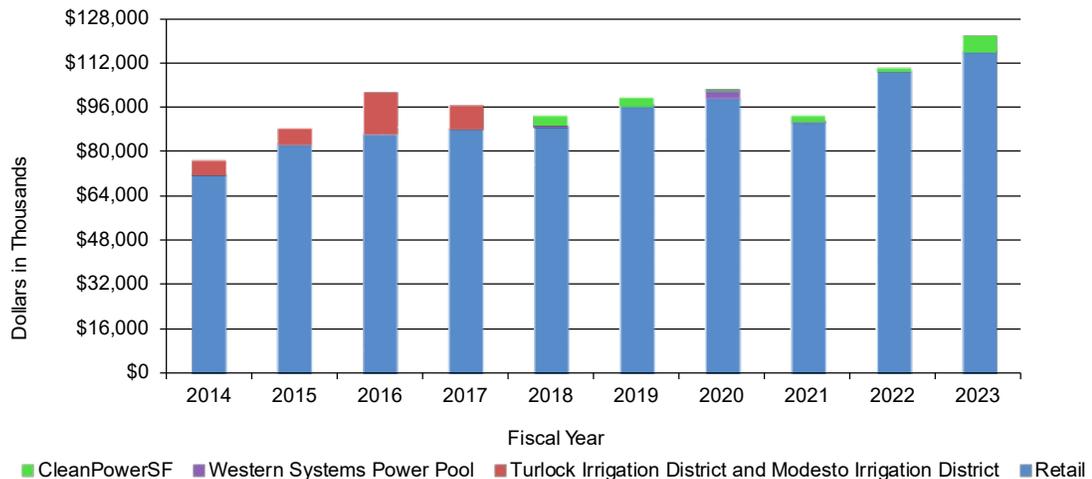
Operating Information
Major Electric Retail and Wholesale Customer Accounts by Revenue
Fiscal Years Ended 2014 to 2023
(Dollars in Thousands)

Customer Type	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Retail Customers										
San Francisco International Airport	\$ 39,199	41,614	42,687	43,070	43,434	44,574	46,248	41,626	51,110	46,604
Municipal Transportation Agency	5,403	6,466	7,631	8,193	8,594	8,249	7,758	6,353	9,607	14,489
SFPUC - Wastewater Enterprise	8,861	9,748	9,847	10,397	9,979	10,687	10,531	10,522	10,898	13,451
Administrative Services Agency	3,025	4,386	5,419	5,442	5,743	9,739	9,919	8,707	9,356	11,644
SFPUC - Water Enterprise	8,582	8,640	7,954	8,950	8,592	9,369	9,831	10,130	10,796	10,662
Department of Public Health	1,319	1,878	2,842	3,125	3,470	4,837	5,228	5,723	6,358	7,298
San Francisco Unified School District	1,588	1,864	2,214	2,285	2,394	2,252	2,193	1,929	3,068	4,092
Port of San Francisco	1,563	1,971	1,941	1,983	2,294	2,236	2,061	1,639	3,156	3,634
Recreation and Parks Department	N/A	N/A	N/A	N/A	N/A	N/A	1,167	1,145	1,145	2,075
San Francisco Public Library**	703	773	860	887	1,340	1,679	1,682	1,601	1,909	2,053
Wholesale Customers										
CleanPowerSF (per WSPP)	\$	Data not available for CleanPowerSF		367	1,893	See below of details				5,846
Energy	N/A			N/A	3,284	580	299	31	32	5,275
Other	N/A			N/A	217	2,446	40	2,425	1,557	571
Western Systems Power Pool # (Exclude CPSF)	127 *	—	157	237	See below for details				—	
Energy	N/A	N/A	N/A	N/A	668	—	2,780	1	—	—
Other	N/A	N/A	N/A	N/A	—	—	325	468	—	—
Modesto Irrigation District	1,879 *	2,666	6,345	8,003	2,422	N/A	N/A	N/A	N/A	N/A
Turlock Irrigation District	3,263 *	3,331	8,615	387	N/A	N/A	N/A	N/A	N/A	N/A

*Reflects reduced power generation and power available for sale.
 **Updated to reflect latest data.
 #Excludes sales to CleanPowerSF and CAISO.
 N/A - No sales in the fiscal year or data not available.
 Highlighted data were not part of major customers.

Source: San Francisco Public Utilities Commission Power Enterprise Customer To Meter Billing System. Fiscal year 2020 and prior was from Utility Star Billing System.

Electric Retail and Wholesale Revenue



Operating Information
Performance Measures
Fiscal Year 2023

	Target	Projection	Actual
1. Reliable Service and Assets			
Number of dry weather main sewer overflows per 100 miles of main sewer	<3	1.46	1.3
Percent of in-city service connections without water for more than 4 hours due to an unplanned outage	0.10%	0.06%	0.13%
Percent of streetlight outages complying with 48-hour SFPUC response goal; complex streetlights evaluated	100.0%	80.0%	95.0%
System renewal and replacement rates for in-City water distribution mains	15 miles	7.4 miles	9 miles
System renewal and replacement rates for Wastewater pipelines	11.3 miles	9.3 miles	10.1 miles
2. Organizational Excellence			
Number of employees over the maximum permissible overtime threshold (25% of straight time)	10.0	16.0	18.0
3. Effective Workforce			
Number of promotions	300	286	342
Time to hire (days)	275	250	235
4. Financial Sustainability			
Average residential Power bill as a percent of median income in San Francisco	0.76%	0.70%	0.72%
Average residential Wastewater bill as a percent of median income in San Francisco	0.70%	0.72%	0.69%
Average residential Water bill as a percent of median income in San Francisco	0.58%	0.60%	0.57%
Operating cost coverage (total operational revenues/total operating costs) for Power	0.86	1.14	1.07
Operating cost coverage (total operational revenues/total operating costs) for Wastewater	2.00	1.83	1.39
Operating cost coverage (total operational revenues/total operating costs) for Water	1.91	1.89	1.50
Power debt service coverage - Indentured Coverage	1.35x	N/A	63.29
Wastewater debt service coverage - Indentured Coverage	1.35x	N/A	3.17
Water debt service coverage - Indentured Coverage	1.35x	N/A	1.85
5. Stakeholder and Community Interest			
Number of adults and children who have participated in transformative engagement through SFPUC sponsored education programs	3,250	3,000	4,198
Percent of eligible customers enrolled in California Alternate Rates for Energy (CARE) for CleanPowerSF Customers	90.0%	82.3%	78.0%
Percent of Eligible electric customers receiving low-income discount rate	60.0%	60.0%	52.0%
Percent of eligible households enrolled in Community Assistance Program (CAP)	17.53%	19.69%	17.53%
Percent of retail customers rating the SFPUC as "good" or better on a customer survey	90.0%	89.0%	89.0%
6. Environmental Stewardship			
Average water used by San Francisco residential customers (Gallons Per Capita Per Day - gpcd)	<= 50	42.5	42.9
Gallons of stormwater removed annually from the combined sewer system by green infrastructure	264 million gallons	255 million gallons	278 million gallons
Percent of biogas going to beneficial uses - Oceanside Plant	75.0%	25.0%	0.0%
Percent of biogas going to beneficial uses - Southeast Plant	50.0%	50.0%	36.0%
Percent of CleanPowerSF customer account retention rate	>= 90%	94.8%	95.0%
Percent of water supplied by alternative sources to system as a whole	3.4%	3.5%	3.2%

Source: SFPUC Strategic Plan

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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San Francisco Public Utilities Commission
An Enterprise Department of the City and
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Cover photo: SEP-Mountain Tunnel
107-inch upstream Flow Control
Facility bypass pipe, Moccasin Camp

Back cover photo: Harry Tracy Water
Treatment Plant-Filters No. 1 to 6,
Biosolids Digester Facilities Project

Photos by: Robin Scheswohl,
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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.

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