



**SAN FRANCISCO PUBLIC UTILITIES COMMISSION**  
City and County of San Francisco

**London N. Breed**  
Mayor

**REGULAR MEETING MINUTES**  
**Tuesday, December 12, 2023**  
**1:30 PM**  
**(Approved January 9, 2024)**

1 Dr. Carlton B. Goodlett Place  
City Hall, Room 400

**Commissioners**

Tim Paulson, President  
Anthony Rivera, Vice President  
Sophie Maxwell  
Newsha Ajami  
Kate H. Stacy

Dennis J. Herrera  
General Manager

Donna Hood  
Commission Secretary

1. Call to Order

*President Paulson called the meeting to order at 1:31 pm.*

2. Roll Call

*Present: Paulson, Rivera, Ajami, Maxwell, and Stacy*

3. Approval of the Minutes of November 28, 2023

*No public comment.*

*On motion to approve the Minutes of November 28, 2023:*

*Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

4. General Public Comment

- *Francisco DaCosta stated it is a hardship to provide in-person public comment. He discussed the increased cost of the Sewer System Improvement Program and questioned how the Bayview community has benefited.*

Written General Public Comment

- *Dave Warner: [Review all Capital Project Priorities](#)*

5. Citizens' Advisory Committee Annual Report

*Moisés Garcia, Chair, Citizens' Advisory Committee (CAC) indicated that the CAC transitioned to in-person meetings and has a full complement of 17 members. Chair Garcia thanked the Commissioners who appearing before the CAC during the last year. Chair Garcia reviewed the CAC's highlights, which included a joint meeting with the Southeast Facility Commission, and a meeting with Muwekma Ohlone leadership. He reviewed the CAC's 2024 priorities which are centered on capital program implementation, rates and customer assistance programs, and workforce retention and hiring. Chair Garcia thanked the Commission for their work on the SFPUC's Customer Assistance Program. He thanked SFPUC's staff for their work supporting the CAC and the members and leadership of the CAC for their work.*

*President Paulson and Commissioner Stacy thanked the CAC for their work and expressed appreciation for the questions asked by the CAC members during their appearances.*

*Commissioner Maxwell stated she looks forward to working with the CAC. Commissioner Ajami expressed appreciation for the conversations and the work of the CAC.*

Public Comment

- *Francisco DaCosta stated that there is protocol for interacting with the First People.*

6. Report of the General Manager

a) Quarterly Budget Status Report

*Laura Busch, Acting Deputy Chief Financial Officer (CFO) stated there were positive operating results projected for Wastewater, Power, and CleanPowerSF, and a shortfall for Water. She presented the following results (1) Water and Wastewater: Revenues are projected to be below budget. The budget was adopted assuming the drought surcharge*

would remain, but it was removed in May 2023. Additionally, she indicated wholesale water volumes are lower than expected; (2) Power: Revenues projected to exceed budget due to higher wholesale sales and generation. Large savings are projected for power purchases in the first quarter. Projections include the 100-day planned shutdown of Mountain Tunnel; (3) CleanPowerSF: Revenues are projected to exceed budget due to increased sales and customer enrollment, partially offset by higher-than-expected power purchases; and (4) Year-end financial results are projected to meet-or-exceed policy targets.

Director Busch reviewed FY 2023-24 budget variances (sources and uses) for (1) Water: Net operating results \$14.6 million with total sources down (\$26.5 million), with \$11.9 million in cost savings; (2) Wastewater: Net operating results \$6.9 million with total sources down (\$22.7 million), with \$29.6 million in cost savings; (3) Power: Net operating result \$38.7 million with total sources up \$12.4 million, with \$26.2 million in cost savings; and (4) CleanPowerSF: Net operating result \$52.9 million with total sources up \$29.8 million, with \$1 million in cost savings.

Director Busch reviewed key financial ratios for Water, Wastewater, Hetchy and CleanPowerSF.

Barbara Hale, Assistant General Manager (AGM) Power Enterprise, in response to a request from Commissioner Maxwell, provided an example of resource adequacy indicating it provides reliability for the capacity to deliver electricity; and to a follow-up question from Commissioner Ajami describing the process for selling capacity.

Commissioner Ajami expressed the need to decouple rates and suggested hiring a power rate consultant.

In response to a question from Commissioner Stacy regarding the “Department Transfer Adjustment” in Appendix A, Director Busch stated it is the “Hetchy transfer” and is the amount the water department transfers to Hetch Hetchy Water and Power to cover the cost of providing water; and “Services for Other Departments” in Appendix B, C, and D, which are work orders for interdepartmental services, such as City Attorney, Department of Technology, Public Works, etc.

No public comment.

b) Water Enterprise Capital Improvement Program Quarterly Report

Katie Miller, Director Water Capital Programs stated that the Water Enterprise Capital Improvement Program (WECIP) has 25 projects, with the addition of the Sunol Valley Chloramination Facility Improvements and Millbrae Yard Security Improvements, and removal of the East Bay Regional Park District Water System and the Rollings Road Building Renovations; and that the Local WECIP has 13 projects, with removal of the Local Water Lead Component Services Program, and the Reservoir Roof and Tank Coatings.

As of September 2023, the WECIP is 33% complete with \$1,039 million expended and \$2,040 remaining. She reviewed the WECIP cost summary by category for active projects, noting a (\$17 million) variance for the quarter for Watershed and Lands

*Management. Director Miller reviewed the budget for the approved 25 Regional WECIP Projects by phase and provided updates for the following Regional projects: Sunol Valley Water Treatment Plant Ozone; Sunol Valley Chloramination Facility; Harry Tracy Water Treatment Plant Filter Underdrain Replacement; and Millbrae Security Upgrades.*

*Director Miller reviewed the budget for the 11 approved Local Projects by phase and provided updates for the following Local WECIP projects: Lead Component Services Program; Reservoir Roof and Tank Coatings; and Emergency Firefighting Water System Pipelines.*

Public Comment

- *Francisco DaCosta asked that the Bayview Hunters Point be a focal point due to the presence of lead pipes in homes.*

*Commissioner Ajami discussed simple lead tests that the City of Chicago is providing to customers. AGM Ritchie stated the SFPUC is aggressively attacking the lead problem via capital programs (on the meter side) to determine if there are any remaining lead pipes. He stated the program is fully funded to move forward rapidly. He noted the Federal government has issued lead and copper rule improvements which will direct water agencies to deal with pipes up to the house, and stated staff is evaluating the rule. He indicated the SFPUC has a lead testing program provided to customers for a minimal charge, and he emphasized the need for accuracy in this testing. Brief discussion ensued.*

c) Water System Improvement Program Quarterly Report

*Director Miller reviewed the Regional Water System Improvement Program (WSIP) status as of September 2023 stating the project is 99% complete, with \$3,730 million expended and \$74 million remaining. She reviewed the WSIP cost summary noting a \$10.2 million Regional WSIP cost variance for the Sunol Valley Region.*

*Director Miller provided status updates for the Alameda Creek Recapture Project and the Regional Groundwater Storage and Recovery Project.*

*Director Miller responded to a question from Commissioner Stacy as to whether there was good financial return for the items sold at auction, indicating that there was nominal financial value received, but noted if the items were returned to the vendor, the SFPUC would have been required to pay a restocking fee.*

*No public comment.*

d) Report on Recent San Francisco Public Utilities Commission Activities, Events and Announcements

*None.*

7. Approve a fee structure and fee schedule for the use of reservable rooms and spaces at the Southeast Community Center; and authorize the General Manager to approve and modify event policies and procedures for reservations and use of the Southeast Community Center.  
(Resolution 23-0218)

*Emily Rogers-Pharr, Southeast Community Center (SECC) Executive Director stated the*

*proposed item provides for approval of a fee structure and schedule for use of reservable rooms and spaces at the SECC, and authorizes the General Manager (GM) to approve and modify event policies and procedures for reservations and use of the SECC. Director Rogers-Pharr noted the center opened on October 22, 2022 and indicated is a 45,000 square foot facility with 2.5 acres of open space. She stated there have been 1,100 events and that 44,000 guests have been welcomed at the facility since the opening.*

*Victoria Bryant, Community Programs Analyst, SECC discussed (1) process for determination of fees; (2) fee structure (individual, business, and special events); (3) deposits (30% of total reservation fees and additional deposit of \$500 for memorial services and events that serve alcohol) and discounts (District 10 community discount with eligibility based on a members' zip code, and non-profit discount based on business rate); and (5) add-ons (event monitor, security and additional hours).*

*In response to a question from Commissioner Ajami, Director Rogers-Pharr stated that the community has provided positive feedback on the proposed fees and expressed appreciation for discounts for local community members.*

*Director Rogers-Pharr responded to a question from Commissioner Maxwell regarding the fees collected, stating that the SECC is part of the Wastewater Enterprise (WWE) and that fees go into the WWE budget and support WWE operations and activities, including those at the SECC. She confirmed that the SECC receives adequate financial resources to support their activities and resources.*

#### Public Comment

- *Susan Murphy, Chair Southeast Community Center Commission thanked their staff for a stellar job. She noted the community's praise for the facility and stated it fills needed gaps. She stated that staff have ensured the fees are fair and equitable.*
- *Francisco DaCosta discussed 1800 Oakdale and stated that 1550 Evans needs a general building policy and should offer renting rooms for short-term and hourly needs.*
- *Oscar (inaudible) asked that the Commission provide an MOU so that contractors and subcontractors understand what is included.*
- *Oronde Sterling, Sterling Builders, LLC stated that those who live in the community and helped construct the building should not be charged for the meeting space, stating it is a financial burden for small local contractors.*
- *Dennis Williams, Real Estate Developer, stated the City needs to fund or refund community programs started by legendary Black leaders and they should receive priority for programs that pertain to community outreach and job training. He stated the Bayview should receive priority and preference for jobs in the community.*
- *Demetrius Williams, President, San Francisco Hyperlocal Building Trades Contractors Collective stated the community shouldn't be charged for meeting space.*
- *La Sonia Mansfield, Mansfield and Mansfield Construction Clean Company noted the difference between 1800 Oakdale and 1550 Evans and the lack of resources offered to the community at no charge at 1550 Evans.*

*Commissioner Ajami thanked those who spoke and stated that there is space at the SECC that individuals may utilize for work or leisure at no charge, that fees are only charged for the renting of the event space.*

*Commissioner Maxwell thanked those who spoke and acknowledge comments regarding the need for community space.*

*On motion to approve item 7:*

*Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

8. Award Contract No. WD-2862, San Antonio Pump Station Motor Control Center Replacement and Seismic Retrofit, to the responsible bidder that submitted the lowest responsive bid, Big Valley Electric, in the amount of \$8,869,322 and with a duration of 1,125 consecutive calendar days, to replace the motor control centers and appurtenant equipment and seismically upgrade the San Antonio Pump Station. This action constitutes the Approval Action for the Project for the purposes of the California Environmental Quality Act (CEQA), pursuant to San Francisco Administrative Code section 31.04(h). The Planning Department has determined that the Project is exempt from the CEQA. The Commission will rely on that determination to make its decision on this action. ([Resolution 23-0219](#))

*Commissioner Maxwell exited the hearing room at 2:51 pm.*

*Stephen Robinson, AGM Infrastructure Bureau introduced the item and requested approval.*

*No public comment.*

*On motion to approve item 8:*

*Ayes: Paulson, Rivera, Ajami, and Stacy*

9. Public hearing to consider and possible action to adopt revised Rules and Regulations Governing Electric Service (Rules) in conformance with the requirements of Charter section 4.104, effective February 12, 2024. The revised version of the Rules replaces in its entirety the original version that the Commission approved in February 2010 as well as amendments in November 2015 and May 2017. ([Resolution 23-0220](#))

*Catherine Spaulding, Deputy AGM Power Enterprise stated the rules lay out the conditions under which Hetch Hetchy Power provides electricity service to customers and delineates the responsibilities of the SFPUC and of customers. She stated the rules were first approved in 2010 with amendments in 2015 and 2017. The updates are needed to reflect the evolution of the Hetch Hetchy Power Program and to be more responsive to customers.*

*Commissioner Maxwell returned to the meeting at 2:56 pm.*

*Deputy AGM Spaulding noted the Rule highlights and outlined the updates that will (1) delete extraneous provisions; (2) clarify the meaning of other provisions; (3) update cost allocations and generating facility interconnections; and (4) offer provisions for customers depending on whether they are connecting to City-owned electrical infrastructure, to third party-owned electrical infrastructure, and/or connecting in master-planned development areas. She stated the goal is to provide consistent and comprehensive policies that are effectively communicated. Deputy AGM Spaulding discussed the need to provide accountability to customers and the goal of providing consistent and comprehensive policies that are effectively communicated. She indicated the revised Rules would become effective two months after approval. She stated*

*appendices are online and updated as needed.*

*She stated that during the past four months many meetings were held with customers including municipal departments, representatives of the private sector who build affordable housing, and developers at Yerba Buena Island, Treasure Island, and Mission Rock. She indicated the meetings were productive with engaging conversations and helpful feedback which benefited development of the Rules.*

*In response to a question from Commissioner Stacy as to whether drafts were shared with stakeholders, Deputy AGM Spaulding stated that drafts, with successive red-line revisions were provided. In response to a follow-up question, AGM Spaulding stated that if a customer has an application for service in the queue, the Rules and Regulations in effect at that time will be honored. She stated a variance request process will be brought on-line soon.*

*In response to a question from Commissioner Maxwell, Deputy AGM Spaulding stated that the practices and rule changes adhere to industry standards and that the Rules were informed by many subject matter experts.*

*No public comment.*

*On motion to approve item 9:*

*Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

10. Approve Proposed Ordinance Amendment extending the authorization of the General Manager to continue to enter into agreements to obtain up to \$150 million of credit support for an additional 10 years for the CleanPowerSF Program; and authorize the General Manager to seek advancement of the Proposed Ordinance Amendment for consideration by the Board of Supervisors. ([Resolution 23-0221](#))

*Nikolai Skarloff, Capital Finance Director stated Ordinance 8-18, approved by the Board of Supervisors on January 23, 2018, delegated to the GM authority to enter into credit agreement(s) for CleanPowerSF. He noted the Commission's approval of Resolution 18-0012 authorizing the SFPUC to enter into a credit agreement and associated fee agreement with JP Morgan Chase Bank. He stated in March 2018 CleanPowerSF entered into a five-year credit agreement which was subsequently extended for an additional year, expiring in March 2024.*

*He discussed the need for the credit agreement and indicated that that CleanPowerSF is required to post a standby letter of credit to satisfy financial security requirements of the California Public Utilities Commission (CPUC) for Community Choice Aggregation (CCA) Programs to provide assurance that costs associated with returning customers to the incumbent utility provided can be paid. This requirement is expected to remain in place indefinitely. A formal extension of and request to the existing credit agreement will be brought before the Commission in January 2024*

*In response to a question from Commissioner Maxwell, Barbara Hale, AGM Power Enterprise stated that if the CCA happened to fail that PG&E is the provider of last resort, and stated that the Rules and Regulations do not apply to the provider of last resort.*

*Commissioner Ajami requested that staff inform the Commission when there is a draw on the*

*line of credit.*

*No public comment.*

*On motion to approve item 10:*

*Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

11. Communications (information only)

- a) Advance Calendar
- b) Contract Advertisement Report
- c) Correspondence Log
- d) 2009 Water Supply Agreement Update
- e) Annual Water Pipeline Assessment
- f) Annual Water Resources Division Report
- g) Annual Water Supply Development Report
- h) CleanPowerSF Quarterly Report
- i) O'Shaughnessy Dam Reservations Quarterly Report
- j) Water Supply Conditions Update

*In response to a question from Commissioner Stacy, AGM Ritchie confirmed that staff regularly meets with the Bay Area Water Supply and Conservation Agency and keeps them updated on SFPUC projects and programs.*

12. Items initiated by Commissioners

*Commissioner Stacy mentioned a San Francisco Chronicle regarding recycled water and asked that staff continue to look carefully at recycled water use.*

*No public comment.*

13. Public Comment on the matters to be addressed during Closed Session

*None.*

14. Motion on whether to assert the attorney-client privilege regarding the matters listed below

*On motion to assert the attorney-client privilege  
Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

*The Commission entered Closed Session at 3:25 pm.*

*Present in Closed Session: Commissioners Paulson, Maxwell, Ajami, and Stacy (all items); Sheryl Bregman, Deputy City Attorney (all items); Dennis Herrera, General Manager (items 15 and 16); Steve Ritchie, AGM Water (item 15) and Donna Hood, Commission Secretary (items 15 and 17).*

15. CONFERENCE WITH LEGAL COUNSEL regarding existing litigation (Government Code §54956.9(d)(1), San Francisco Administrative Code §67.10(d)(1)):

Lynette Chun v. City and County of San Francisco

Unlitigated File No.: 23-01554

Date Filed: March 6, 2023



Proposed settlement of unlitigated claim resulting from a water main rupture with the City and County of San Francisco to pay Lynette Chun \$42,115.44 in exchange for a full and final release, subject to final approval by the Board of Supervisors. (Resolution 23-0222)

16. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Government Code Section 54957(b) and Administrative Code Section 67.10(b)):  
Dennis J. Herrera, General Manager

17. CONFERENCE WITH LABOR NEGOTIATOR (Government Code Section 54957.6 and Administrative Code Section 67.10(e)):  
Designated representative: Commissioner Sophie Maxwell  
Unrepresented Employee: General Manager  
Anticipated issues under negotiation: Compensation

*The Commission exited Closed Session at 5:49 pm.*

18. Announcement following Closed Session  
*President Paulson announced that the Commission recommended that the Board of Supervisors approve the settlement referenced in item 15. No other action was taken.*

19. Motion regarding whether to disclose the discussions during Closed Session pursuant to San Francisco Administrative Code Section 67.12(a)

*On motion not to disclose discussions during Closed Session:  
Ayes: Paulson, Rivera, Ajami, Maxwell, and Stacy*

20. Adjournment  
*President Paulson adjourned the meeting at 5:50 pm.*