



Date: August 15, 2025

To: Commissioner Kate Stacy, President
Commissioner Joshua Arce, Vice President
Commissioner Avni Jamdar
Commissioner Steve Leveroni
Commissioner Meghan Thurlow

Through: Dennis J. Herrera, General Manager *(DJH)*

From: Nancy L. Hom, Chief Financial Officer and Assistant General Manager, Business Services *[Signature]*

Subject: **SFPUC FY 2024-25 Fourth Quarter Budgetary Report through June 2025**

The FY 2024-25 fourth quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

FY 2024-25 Operations

	Beginning Available Fund Balance	Fund Balance Budgeted to be (Used)	Projected Sources	Projected Uses (excluding Capital)	Net Operating Results Surplus / (Shortfall)	Mid-year Adjustments to Fund Balance	Projected Year End Available Fund Balance
Water	204.0	(24.0)	7.6	10.3	17.9	2.0	199.9
Wastewater	177.2	(24.7)	12.7	12.1	24.8	(1.7)	175.6
Power	217.6	(28.7)	(9.1)	79.8	70.8	-	259.6
CleanPowerSF	150.2	-	(27.1)	86.6	59.6	-	209.7

Summary:

- Positive Q4 operating results projected for all enterprises and CleanPowerSF, a steady improvement since Q1. In addition to enterprise-specific drivers, all saw higher-than-expected savings in personnel due to the citywide hiring freeze as well as higher interest earnings.
- *Water:* Retail revenues have improved slightly since Q3 largely because of additional delayed bills from FY 2023-24 being processed. Interest earnings are also up from prior estimates. Further, Q4 savings on the expense side came in higher than

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.

Daniel Lurie
Mayor

Kate H. Stacy
President

Joshua Arce
Vice President

Avni Jamdar
Commissioner

Stephen E. Leveroni
Commissioner

Meghan Thurlow
Commissioner

Dennis J. Herrera
General Manager



previous forecasts with savings in both personnel and non-personnel operating costs.

- *Wastewater*: Revenues remain slightly below budget due to lower volumes than forecasted and stormwater-only parcels not billed for the full year while account holders were identified. This is offset by a one-time payment from UCSF and the Warriors for their share of costs for the Mariposa Pump Station, higher-than-forecasted interest earnings, and savings in both personnel and non-personnel operating costs.
- *Power*: Overall trends held from prior quarters. Retail revenues are below budget due lower demand, offset by higher wholesale revenues from resource adequacy sales. On the uses side, large savings are projected for power purchases mainly due to carryforward budget and contingency that went unspent. Additionally, power purchase prices have come in lower than budgeted for the year.
- *CleanPowerSF*: Similar trends held from prior quarterly estimates. Retail sales are under budget due to final rates being set lower as well as less demand due to lower-than-forecasted customer enrollment. This is offset by higher wholesale sales. On the uses side, continued lower power prices and demand, as well as an unspent power purchase contingency, have resulted in a surplus for the power purchase budget. Further, there is a general reserve which was budgeted to go unspent to build reserves.

The Q4 report has also corrected a calculation error in how the power purchase carry-forward budget counted towards total fund balance, thus resulting in lower total savings than previously projected.

- All enterprises are exceeding financial policy minimums and coverage ratios at year end.

If you have questions, please contact me at NHom@sfwater.org.

cc:

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Barbara Hale, AGM, Power Enterprise, SFPUC
Joel Prather, Acting AGM, Wastewater Enterprise, SFPUC
Steve Ritchie, AGM, Water Enterprise, SFPUC
Stephen Robinson, AGM, Infrastructure, SFPUC
Wendy Macy, Chief People Officer, SFPUC

Laura Busch, Deputy Chief Financial Officer, SFPUC
Anna Duning, Budget Director, SFPUC
Sophia Kittler, Budget Director, Mayor's Office
Greg Wagner, Controller

Attachments:

Appendix A Water Enterprise
Appendix B Wastewater Enterprise
Appendix C Hetch Hetchy Water & Power, including the Power
Enterprise
Appendix D CleanPowerSF

Appendix A

WATER ENTERPRISE OPERATING FUNDS

FY 2024-25 4th Quarter - Budgetary Basis, Funds 25940, 25950, 25990, 25960, 26570, 26600, 26510 & 26603
(\$ Millions)

		FY 2024-25				
	FY 2023-24 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)	
Sources						
Retail Water Sales	322.1	344.0	345.0	347.1	2.1	A
Wholesale Water Sales	313.0	359.9	359.9	362.2	2.3	B
Interest Income	11.1	3.2	3.2	12.0	8.8	C
Rental Income	9.0	12.7	12.7	7.8	(4.9)	D
Miscellaneous Income	16.0	20.3	20.3	17.3	(3.0)	E
Departmental Transfer Adjustment	(46.3)	(49.2)	(49.2)	(49.2)	-	
Federal Bond Interest Subsidy	22.8	20.4	20.4	22.8	2.4	F
Appropriated/Budgeted Use of Fund Balance	-	24.0	62.1	62.1	-	
Total Sources	647.7	735.2	774.3	781.9	7.6	
Operating Uses						
Personnel	112.3	121.5	121.5	118.0	3.4	G
Non-Personnel Services	36.7	21.2	26.4	25.5	0.9	H
Materials and Supplies	21.8	20.3	22.9	22.9	-	
Equipment	2.5	4.1	9.6	9.6	-	
Overhead (SFPUC Bureaus)	59.9	65.0	77.6	75.6	2.0	I
Services of Other Departments	26.4	32.0	33.7	32.7	1.0	J
Debt Service	327.4	333.6	333.6	331.2	2.4	K
General Reserve	5.9	0.6	0.6	-	0.6	L
Total Operating Uses	592.9	598.2	625.9	615.7	10.3	
Net Operating Results	54.8			166.3	17.9	
Other Impacts to Operating Budget						
	FY 2023-24 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance	
Capital Projects	67.1	103.6	242.7	242.7	-	
Facilities Maintenance/Programmatic	31.9	33.5	75.4	70.7	4.8	M
Legal Settlements	-	-	-	2.7	(2.7)	N
Total Adjustments to Operating Fund Balance	\$ 99.0	\$ 137.1	\$ 318.1	\$ 316.1	\$ 2.0	
Available Fund Balance as of Fiscal Year-End	\$ 204.0				\$ 199.9	
Available Fund Balance, % of Operating Uses (O) 25-68%	68.6%				56.3%	
Debt Service Coverage (Year-End Budgetary Basis) (P)						
Indenture Basis (includes Available Fund Balance) (Q) ≥ 1.35	1.81	1.87			1.83	
Current Basis (R) ≥ 1.10	1.10	1.33			1.28	

Appendix A

WATER ENTERPRISE OPERATING FUNDS

FY 2024-25 4th Quarter - Budgetary Basis, Funds 25940, 25950, 25990, 25960, 26570, 26600, 26510 & 26603
(\$ Millions)

Revenue Variances

- A.** Retail water sales of 53.9 MGD represents a 3.7% increase from FY 23-24 actuals of 51.9 MGD and a 1.9% decrease from budget of 55 MGD. Revenues also include \$3.3M in revenue (0.5 MGD net total) from delayed bills from prior fiscal year.
- B.** Wholesale water sales of 129.3 MGD represents a 5.2% increase from FY 23-24 actuals of 122.6 MGD and a 0.8% increase from budgeted volumes of 128.3 MGD. Revenues include \$3.9M in minimum purchase charges from FY 23-24.
- C.** Interest income higher due to year-to-date interest rate of 3.68% vs. budget assumption of 2.0%, as well as higher cash balances than assumed.
- D.** Rental income \$1.2M below budget. Additional variance due to \$3.7M transfer to Wastewater to fund discount programs. Q3 showed this estimate in retail sales variance.
- E.** Miscellaneous income is below budget, mainly due to water service installation charges under budget.
- F.** Includes federal subsidy on 525 Golden Gate COPs.

Expenditure Variances

- G.** Savings due to vacant positions.
- H.** Savings reflect lower spending associated with customer rebate and incentive programs.
- I.** Savings reflect lower spending associated with bureau allocation.
- J.** Savings reflect savings from other City Departments.
- K.** Primarily due to the delay of interest payment for the Mt Tunnel SRF loan and savings from the 2025 Water Revenue Refunding Bonds Series ABC.
- L.** \$0.6M in general reserve.
- M.** \$4.0M in savings from Landscape Conservation Program and \$0.8M in planned savings from community benefits project.
- N.** Expected legal settlements.

Other Notes

- O.** Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- P.** Additional expenses that are included in debt service calculations are not shown in this operating fund report.
- Q.** Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- R.** Calculated as ratio between (a) Total Sources plus any appropriated fund balance, plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS

FY 2024-25 4th Quarter - Budgetary Basis, Funds 20160, 20170, 20180, 20530 & 20550
(\$ Millions)

	FY 2023-24 Actuals	FY 2024-25				
		Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)	
Sources						
Sewer Service Charges	385.4	435.3	435.8	430.0	(5.8)	A
Interest Income	11.6	3.9	3.9	14.2	10.3	B
Miscellaneous Income	3.5	4.2	4.2	11.9	7.6	C
Federal Bond Interest Subsidy	3.9	3.2	3.2	3.9	0.6	D
Appropriated/Budgeted Use of Fund Balance	26.4	24.7	48.4	48.4	-	
Total Sources	430.7	471.4	495.6	508.3	12.7	
Operating Uses						
Personnel	80.6	89.5	89.5	87.3	2.2	E
Non-Personnel Services	25.2	30.1	31.5	31.3	0.2	F
Materials and Supplies	14.2	15.9	18.0	16.5	1.5	G
Equipment	4.3	1.7	5.0	5.0	-	
Overhead (SFPUC Bureaus)	35.8	47.2	54.6	53.1	1.5	H
Services of Other Departments	35.9	38.9	44.2	42.7	1.5	I
Debt Service	95.1	122.6	122.6	117.9	4.7	J
General Reserve	27.8	0.6	0.6	-	0.6	K
Total Operating Uses	291.3	346.5	366.0	353.9	12.1	
Net Operating Results	139.4			154.3	\$ 24.8	
Other Impacts to Operating Budget						
	FY 2023-24 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance	
Capital Projects	82.5	112.4	295.0	295.0	-	
Facilities Maintenance/Programmatic	8.5	12.5	17.0	17.0	-	
Legal Settlements	-	-	-	1.7	(1.7)	L
Total Adjustments to Operating Fund Balance	\$ 91.1	\$ 124.9	\$ 312.0	\$ 313.7	\$ (1.7)	
Available Fund Balance as of Fiscal Year-End	\$ 177.2				\$ 175.6	
Available Fund Balance, % of Operating Uses (M) 25-68%	86.5%				69.4%	
Debt Service Coverage (Year-End Budgetary Basis) (N)						
Indenture Basis (includes Available Fund Balance) (O) ≥ 1.35	3.87	3.26			3.29	
Current Basis (P) ≥ 1.10	2.06	2.01			2.17	

Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS

**FY 2024-25 4th Quarter - Budgetary Basis, Funds 20160, 20170, 20180, 20530 & 20550
(\$ Millions)**

Revenue Variances

- A.** Year end retail wastewater volumes of 44.6 MGD represent a 4% increase from FY 23-24 actuals of 42.8 MGD and a 2.0% decrease from budget of 45.4 MGD. Variance includes a \$1.7M reduction in revenues due to some stormwater-only parcels not billed for the full year while responsible account holders were identified, and a \$4.0M increase in revenues due to delayed bills from prior fiscal years.
- B.** Interest income is higher due to annual interest rate of 3.68% vs. budget assumption of 2.0%, as well as higher cash balances than assumed.
- C.** End of year miscellaneous income is higher than budget due to one-time revenue payments from UCSF and the Warriors as part of their contribution to the construction of the Mariposa Pump Station and higher than budgeted rental revenues.
- D.** Includes federal subsidy on 525 Golden Gate COPs.

Expenditure Variances

- E.** Salary savings reflect vacant positions.
- F.** Savings reflect lower spending in non personnel services.
- G.** Savings reflect lower spending in materials & supplies.
- H.** Savings reflect lower spending associated with bureau allocation.
- I.** Savings reflect lower spending in other city departments.
- J.** Debt service variance mainly due to the issuance of the 2024 Series B refunding of 2018 Series B, and 2023 Series B and defeasance of the 2021 Series A Notes and 2021 Series B Notes.
- K.** \$0.6M in general reserve to go unspent.
- L.** Expected legal settlements.

Other Notes

- M.** Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- N.** Additional expenses that are included in debt service calculations are not shown in this operating fund report.
- O.** Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.
- P.** Calculated as ratio between (a) Total Sources plus any appropriated fund balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix C

HETCH HETCHY WATER & POWER OPERATING FUNDS
FY 2024-25 4th Quarter - Budgetary Basis - 24970, 24980, 24990, 25000 & 25354
(\$ Millions)

	FY 2024-25				
	FY 2023-24 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
Sources					
Electric Sales - Retail	188.3	210.7	219.4	196.8	(22.6) A
Electric Sales - Wholesale	42.3	18.9	16.7	26.8	10.1 B
Water Sales - Transfer from Water Department	46.3	49.2	49.2	49.2	-
Natural Gas & Steam - City Work Orders	16.3	28.5	25.9	19.1	(6.8) C
Interest Income	10.3	4.4	4.4	13.0	8.6 D
Federal Interest Subsidy - Power Bonds	0.1	0.1	0.1	0.4	0.2
Miscellaneous Income	5.2	5.3	5.3	6.6	1.3 E
Appropriated/Budgeted Use of Fund Balance	35.4	28.7	117.0	117.0	-
Total Sources	344.3	345.7	437.9	428.8	(9.1)
Operating Uses					
Personnel	54.5	59.5	59.5	58.4	1.1 F
Non-Personnel Services	35.0	48.9	81.9	81.9	3.0 G
Power Purchases, Transmission Distribution & Related Charges	79.1	114.6	149.8	85.2	64.6 H
Natural Gas & Steam	16.3	23.7	28.4	19.1	9.3 I
Materials and Supplies	3.9	3.8	4.9	4.9	-
Equipment	1.8	2.5	9.2	9.2	-
Overhead (SFPUC Bureaus)	23.1	28.3	33.1	32.3	0.8 J
Services of Other Departments	7.5	9.8	9.5	9.0	0.5 K
Debt Service	3.8	10.5	10.5	10.5	-
General Reserve	6.9	0.6	0.6	-	0.6 L
Total Operating Uses	231.9	302.2	387.6	310.7	79.8
Net Operating Results	112.4			118.1	70.8
Other Impacts to Operating Budget					
	FY 2023-24 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance
Facilities Maintenance/Programmatic	13.1	23.3	28.2	28.2	-
Capital projects	15.7	20.2	82.4	82.4	-
Total Adjustments to Operating Fund Balance	28.7	43.5	110.6	110.6	-
Available Fund Balance as of Fiscal Year-End	217.6				259.6
Available Fund Balance, % of Operating Uses (M) 25-68%	90.2%				98.9%
Debt Service Coverage (Year-End Budgetary Basis) (N)					
Indenture Basis (includes Available Fund Balance) (O) ≥ 1.35	64.97	21.56			20.65
Current Basis (P) ≥ 1.10	14.40	1.97			10.19

Revenue Variances

- A.** Retail sales are lower than budget.
- B.** Wholesale sales are higher than budget mainly due to higher resource adequacy sales offset by reduced sales from lower prices.
- C.** Gas and steam sales below budget due to lower usage. Revenue reduction is offset by equivalent cost savings.
- D.** Interest income above budget due to actual 3.68% interest rate vs. budget of 2.0% and higher fund balances.
- E.** Miscellaneous income is slightly above budget due to miscellaneous revenues and wholesale water revenue coming in higher than anticipated.

Expenditure Variances

- F.** Salary savings reflect vacant positions.
- G.** Savings reflect lower spending associated with professional services.
- H.** Savings are due to lower projected power costs and higher generation. This includes \$11M in savings from power purchases, \$5M in savings from Transmission costs, \$2M in savings for Resource Adequacy and \$3M from distribution costs. The remaining savings are a result of budgeted contingency and carryforward budget projected to be unspent.
- I.** Gas and steam sales below budget due to lower usage. Revenue reduction is offset by equivalent cost savings.
- J.** Savings reflect lower spending associated with bureau allocation.
- K.** Savings reflect lower spending from other City departments.
- L.** General Reserve was intentionally budgeted and planned to go unspent.

Other Notes

- M.** Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.
- N.** Additional expenses that are included in debt service calculations are not shown in this operating fund report.

Appendix D

CleanPowerSF

FY 2024-25 4th Quarter - Budgetary Basis - 24750, 24751, 24760, 24761, 24765 & 24870
(\$ Millions)

	FY 2024-25				
	FY 2023-24 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
Operating Sources					
Electric Sales - Green Product	326.3	411.7	411.7	346.2	(65.5)
Electric Sales - SuperGreen Product	29.4	37.1	37.1	58.7	21.7
Wholesale Sales	5.0	11.1	11.1	22.8	11.6
Subtotal - Electric Revenues	360.7	459.9	459.9	427.7	(32.2) A
Interest Income	0.3	3.1	3.1	8.1	5.0 B
Miscellaneous Income	0.0	-	-	0.2	0.2
Appropriated/Budgeted Use of Fund Balance		-	43.9	43.9	-
Total Sources	361.0	463.1	507.0	479.9	(27.1)
Operating Uses					
Personnel	6.4	8.7	8.7	8.4	0.3 C
Overhead	5.7	7.5	8.5	8.5	-
Non Personnel Services	8.7	10.9	12.7	12.2	0.5 D
Materials & Supplies	0.0	0.1	0.2	0.2	-
Power Purchases & Related Charges	283.9	385.0	424.7	340.0	45.1 E
Services of Other Departments	4.0	1.9	2.5	2.2	0.3 F
Debt Service	-	-	-	-	-
General Reserve	32.7	40.5	40.5	-	40.5 G
Total Operating Uses	341.4	454.7	497.8	371.4	86.6
Net Operating Results	19.6			108.4	59.6
Other Impacts to Operating Budget	FY 2023-24 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance
Programmatic	0.5	7.8	8.6	8.6	-
Capital Projects	1.5	0.6	4.4	4.4	-
Total Adjustments to Operating Fund Balance	2.0	8.4	13.0	13.0	-
Available Fund Balance as of Fiscal Year-End	150.2				209.7 H
Available Fund Balance, % of Operating Uses (I) %	43.9%				55.2%

Revenue Variances

A. Retail revenues are driven lower primarily by lower load (lower enrollment from commercial customers than expected) and lower-than-budgeted rates (12% budgeted vs 8.5% adopted), partially offset by higher wholesale revenues.

B. Interest income above budget due to higher interest rates and fund balances than budgeted.

Expenditure Variances

C. Personnel costs close to budget.

D. Savings reflect projected savings of professional service budget.

E. Savings are due to lower projected load, lower wholesale energy costs. Note: a correction to the calculation of the Purchase of Power savings was captured in Q4. Purchase of Power is funded in the CleanPowerSF Trust Fund which is a continuing fund. Amounts from prior fiscal years roll forward automatically and are presented as part of the beginning fund balance. The variance shown above has been updated to represent the change from original budget in order to avoid double-counting carry-forwards in the fund balance calculation. Total savings reflected are lower than Q3 due to carryforward error. Refer to Note H for further details.

F. Savings reflect lower spending from other City departments.

G. General Reserve was intentionally budgeted and planned to go unspent to build reserves.

Other Notes

H. Available fund balance at fiscal year end is calculated in this report by taking beginning fund balance, less any fund balance budgeted to be used as a source, and adding projected variances as well as project closeouts. As the CleanPowerSF Trust Fund is a continuing fund, amounts budgeted therein will automatically roll forward to the following year and will not be closed out to fund balance. As such, variances related to revenues, purchase of power, and general reserves will not close out to fund balance at the end of the year without manual intervention. However, as those funds are not restricted and CleanPowerSF may choose to close them out to fund balance, we are presenting them here as part of fund balance.

Appendix D

CleanPowerSF

**FY 2024-25 4th Quarter - Budgetary Basis - 24750, 24751, 24760, 24761, 24765 & 24870
(\$ Millions)**

- I. Calculated as Ending Available Fund Balance as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. Per SFPUC's Fund Balance Reserve Policy adopted in April 2022, CleanPowerSF is required to build its fund balance reserve to a minimum of 41% (150 days) and a target of 49% (180 days) of operating expenditures within three fiscal years (June 30, 2025) of Fiscal Year Ending 2022.