



San Francisco Water Power Sewer

Services of the San Francisco Public Utilities Commission

Date: December 9, 2025

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

Through: Dennis J. Herrera, General Manager DJH

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

Subject: **SFPUC FY 2025-26 First Quarter Budgetary Report through September 2025**

The FY 2025-26 first 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 2025-26 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	218.5	(33.0)	(33.8)	33.6	(0.1)	(3.0)	182.3
Wastewater	181.3	(34.6)	(7.9)	4.6	(3.3)	-	143.3
Power	246.6	(33.4)	(5.4)	51.2	45.8	-	259.0
CleanPowerSF	216.5	-	2.2	63.0	65.2	-	281.7

Daniel Lurie
Mayor

Joshua Arce
President

Stephen E. Leveroni
Vice President

Avni Jamdar
Commissioner

Kate H. Stacy
Commissioner

Meghan Thurlow
Commissioner

Dennis J. Herrera
General Manager

Summary:

- Slightly negative Q1 operating results projected in Water and Wastewater due to lower sales volumes and positive projected operating results in Power and CleanPowerSF due to lower volumes and power purchase costs.
- Water:** Retail revenues and wholesale revenues are down from budget due to lower volumes. Other revenue sources, including water installation charges and the federal subsidy from Build America Bonds are also below budget. These shortfalls are



largely offset with modest projected personnel savings and a significant debt service savings. Debt service savings are primarily driven by a 2025 Water revenue bond refunding, which helps cover the loss of the Build America Bonds subsidy.

- *Wastewater*: Revenues are slightly below budget due to lower volumes than forecasted, though in line with prior year trends. In operating uses, personnel costs are projected to come in slightly below budget, there is debt service savings from paying off 2021 notes, and a general reserve projected to go unspent.
- *Power*: Retail revenues are down slightly due lower demand, offset by higher wholesale revenues from energy and resource adequacy sales. On the uses side, large savings are projected for power purchase costs due to \$8M in energy, transmission, and distribution savings. Additionally, a large carry-forward and the contingency budget are projected to go unspent.
- *CleanPowerSF*: Retail sales are coming in lower than budget due to final rates being set lower. Despite this, there is some increase in customer demand. Wholesale sales are higher than budgeted due to resource adequacy sales. On the uses side, lower energy and short-term renewable costs plus a general reserve, which was budgeted to go unspent to build reserves, are contributing to overall budget savings. CleanPowerSF will also de-appropriate excess budget from power purchase savings from prior years that were carried forward. These funds are not needed given projected savings in the current year budget for power purchases.
- All enterprises are exceeding financial policy minimums and coverage ratios at year end.

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

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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 2025-26 1st Quarter - Budgetary Basis, Funds 25940, 25950, 25990, 25960, 26570, 26600, 26510 & 26603
(\$ Millions)

	FY 2025-26				
	FY 2024-25 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
Sources					
Retail Water Sales	346.9	362.5	362.6	359.3	(3.3) A
Wholesale Water Sales	362.2	377.0	377.0	363.5	(13.5) B
Interest Income	12.0	1.9	1.9	1.9	-
Rental Income	7.8	10.0	10.0	5.8	(4.2) C
Miscellaneous Income	17.3	21.1	21.1	17.2	(3.9) D
Departmental Transfer Adjustment	(49.3)	(54.1)	(54.1)	(54.1)	-
Federal Bond Interest Subsidy	22.8	19.9	19.9	11.0	(8.9) E
Appropriated/Budgeted Use of Fund Balance	-	33.0	65.6	65.6	-
Total Sources	719.7	771.2	803.9	770.1	(33.8)
Operating Uses					
Personnel	118.1	126.9	126.9	124.2	2.7 F
Non-Personnel Services	22.5	20.8	26.7	26.7	-
Materials and Supplies	21.9	20.3	21.8	21.8	-
Equipment	3.5	3.7	9.3	9.3	-
Overhead (SFPUC Bureaus)	62.4	68.4	78.4	77.8	0.7 G
Services of Other Departments	32.1	35.7	36.3	36.3	-
Debt Service	300.4	367.0	367.0	337.5	29.5 H
General Reserve	-	0.8	0.8	-	0.8 I
Total Operating Uses	560.9	643.6	667.2	633.6	33.6
Net Operating Results	158.8			136.6	(0.1)
Other Impacts to Operating Budget	FY 2024-25 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance
Capital Projects	65.1	95.4	263.9	263.9	-
Facilities Maintenance/Programmatic	30.2	32.2	68.5	68.5	-
Legal Settlements	2.7	-	-	3.0	(3.0) J
Total Adjustments to Operating Fund Balance	\$ 98.1	\$ 127.6	\$ 332.4	\$ 335.4	\$ (3.0)
Available Fund Balance as of Fiscal Year-End	\$ 218.5				\$ 182.3
Available Fund Balance, % of Operating Uses (K) 25-68%	75.2%				50.0%
Debt Service Coverage (Year-End Budgetary Basis) (L)					
Indenture Basis (includes Available Fund Balance) (M) ≥ 1.35	2.17	1.78			1.74
Current Basis (N) ≥ 1.10	1.57	1.28			1.17

Appendix A

WATER ENTERPRISE OPERATING FUNDS

**FY 2025-26 1st Quarter - Budgetary Basis, Funds 25940, 25950, 25990, 25960, 26570, 26600, 26510 & 26603
(\$ Millions)**

Revenue Variances

- A.** Projected retail water sales of 53.2 MGD represents a 0.5% decrease from FY 24-25 actuals of 54.1 MGD and a 0.9% decrease from budget of 53.7 MGD.
- B.** Projected wholesale water sales of 126.2 MGD represent a 1.4% decrease from FY 24-25 actuals of 127.6 MGD and a 3.8% decrease from budgeted volumes of 132.5 MGD.
- C.** Rental income projected to be below budget due to transfer to Wastewater to fund discount programs.
- D.** Miscellaneous income is below budget, mainly due to water service installation charges under budget.
- E.** Mainly due to the refunding of 2010B and 2010E Build America Bonds. Includes federal subsidy on 525 Golden Gate COPs.

Expenditure Variances

- F.** Savings due to vacant positions.
- G.** Savings reflect lower spending in bureau allocation based on bureau personnel spending and vacancies.
- H.** Due to the delay of payment for the Westside Recycled Water SRF loan, lower payment for Mt Tunnel Improvement Project and savings from the 2025 Water Revenue Refunding Bonds Series ABCF.
- I.** \$0.6M in general reserve.
- J.** Expected legal settlements.

Other Notes

- K.** 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%.
- L.** Additional expenses that are included in debt service calculations are not shown in this operating fund report.
- M.** 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.
- N.** 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 2025-26 1st Quarter - Budgetary Basis, Funds 20160, 20170, 20180, 20530 & 20550 (\$ Millions)

	FY 2024-25 Actuals	FY 2025-26				
		Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)	
Sources						
Sewer Service Charges	430.0	480.2	480.3	471.9	(8.4)	A
Interest Income	14.2	2.7	2.7	2.7	-	
Miscellaneous Income	11.9	4.3	4.3	4.0	(0.3)	B
Federal Bond Interest Subsidy	3.9	3.1	3.1	3.9	0.8	C
Appropriated/Budgeted Use of Fund Balance	24.7	34.6	55.0	55.0	-	
Total Sources	484.6	524.9	545.4	537.5	(7.9)	
Operating Uses						
Personnel	87.3	94.2	94.2	93.2	1.0	D
Non-Personnel Services	29.5	30.0	33.1	33.1	-	
Materials and Supplies	15.4	15.7	16.7	16.7	-	
Equipment	3.4	2.2	3.7	3.7	-	
Overhead (SFPUC Bureaus)	45.3	49.9	57.2	56.7	0.5	E
Services of Other Departments	40.3	40.7	43.4	43.4	-	
Debt Service	111.4	144.0	144.0	141.8	2.2	F
General Reserve	-	0.9	0.9	-	0.9	G
Total Operating Uses	332.5	377.6	393.3	388.7	4.6	
Net Operating Results	152.0			148.8	\$ (3.3)	
Other Impacts to Operating Budget	FY 2024-25 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance	
Capital Projects	99.3	134.1	329.8	329.8	-	
Facilities Maintenance/Programmatic	9.7	13.3	18.0	18.0	-	
Legal Settlements	-	-	-	-	-	
Total Adjustments to Operating Fund Balance	\$ 109.0	\$ 147.3	\$ 347.8	\$ 347.8	\$ -	
Available Fund Balance as of Fiscal Year-End	\$ 181.3				\$ 143.3	
Available Fund Balance, % of Operating Uses (H) 25-68%	78.5%				54.1%	
Debt Service Coverage (Year-End Budgetary Basis) (I)						
Indenture Basis (includes Available Fund Balance) (J) ≥ 1.35	3.64	3.03			2.74	
Current Basis (K) ≥ 1.10	2.09	2.01			1.83	

Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS

**FY 2025-26 1st Quarter - Budgetary Basis, Funds 20160, 20170, 20180, 20530 & 20550
(\$ Millions)**

Revenue Variances

- A.** Projected retail wastewater volumes of 44.7 MGD represent no change FY 24-25 actuals of 44.7 MGD and a 1.7% decrease from budget of 43.9 MGD.
- B.** End of year miscellaneous income is projected to be slightly below budget, primarily due to lower miscellaneous fee collections.
- C.** Includes federal subsidy on 525 Golden Gate COPs.

Expenditure Variances

- D.** Salary savings reflect vacant positions.
- E.** Savings reflect lower spending in bureau allocation due to bureau personnel savings and vacant positions.
- F.** Debt service variance mainly due to the defeasance of the 2021 Series A Notes and 2021 Series B Notes.
- G.** \$0.9M in general reserve.

Other Notes

- H.** 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%.
- I.** Additional expenses that are included in debt service calculations are not shown in this operating fund report.
- J.** 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.
- K.** 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 2025-26 1st Quarter - Budgetary Basis - 24970, 24980, 24990, 25000 & 25354
(\$ Millions)

	FY 2025-26				
	FY 2024-25 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
Sources					
Electric Sales - Retail	210.3	234.9	236.1	229.0	(7.1) A
Electric Sales - Wholesale	24.5	28.1	28.1	30.3	2.1 B
Water Sales - Transfer from Water Department	49.2	54.1	54.1	54.1	-
Natural Gas & Steam - City Work Orders	17.7	22.8	22.9	22.6	(0.3) C
Interest Income	13.0	2.9	2.9	2.9	-
Federal Interest Subsidy - Power Bonds	0.2	0.1	0.1	0.1	-
Miscellaneous Income	6.6	6.2	6.2	6.2	(0.1) D
Appropriated/Budgeted Use of Fund Balance	-	33.4	119.4	119.4	-
Total Sources	321.4	382.6	469.8	464.4	(5.4)
Operating Uses					
Personnel	58.4	64.0	64.0	63.3	0.7 E
Non-Personnel Services	37.3	47.3	83.9	83.9	-
Power Purchases, Transmission Distribution & Related Charges	77.9	126.8	150.3	106.9	43.5 F
Natural Gas & Steam	17.7	22.8	28.5	22.6	5.9 G
Materials and Supplies	4.4	4.8	5.2	5.2	-
Equipment	2.2	3.0	10.0	10.0	-
Overhead (SFPUC Bureaus)	27.0	29.6	34.0	33.7	0.3 H
Services of Other Departments	7.0	9.6	10.4	10.4	-
Debt Service	10.0	13.6	13.6	13.6	-
General Reserve	0.6	0.8	0.8	-	0.8 I
Total Operating Uses	242.4	322.4	400.7	349.5	51.2
Net Operating Results	78.9			114.9	45.8
Other Impacts to Operating Budget					
	FY 2024-25 Actuals	Current Year Transfers from Operating	Total Available Funds	Projection (current & future years spending)	Variance
Facilities Maintenance/Programmatic	16.7	24.1	33.0	33.0	-
Capital projects	18.0	36.1	80.8	80.8	-
Total Adjustments to Operating Fund Balance	34.7	60.2	113.8	113.8	-
Available Fund Balance as of Fiscal Year-End	246.6				259.0
Available Fund Balance, % of Operating Uses (J) 25-68%	99.0%				91.2%
Debt Service Coverage (Year-End Budgetary Basis) (K)					
Indenture Basis (includes Available Fund Balance) (L) ≥ 1.35	23.78	26.24			22.60
Current Basis (M) ≥ 1.10	6.69	4.07			7.25

Revenue Variances

- A.** Retail sales are lower than budget due to lower projected sales volumes.
- B.** Wholesale sales are higher than budget mainly due to additional energy and resource adequacy and energy sales.
- C.** Gas and steam sales below budget due to lower usage. Revenue reduction is offset by equivalent cost savings.
- D.** Miscellaneous income is slightly above budget due to miscellaneous revenues and wholesale water revenue coming in higher than anticipated.

Expenditure Variances

- E.** Salary savings reflect vacant positions.
- F.** Savings are due to lower projected power costs. This includes \$5M savings in energy, \$2M savings in Transmission, and \$1M savings in distribution costs. The remaining savings are a result of budgeted contingency and carryforward budget projected to be unspent.
- G.** Gas and steam sales below budget due to lower usage. Revenue reduction is offset by equivalent cost savings.
- H.** Savings reflect lower spending associated in bureau allocation due bureau personnel spending and vacant positions.
- I.** General Reserve was intentionally budgeted and planned to go unspent.

Other Notes

- J.** 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%.
- K.** Additional expenses that are included in debt service calculations are not shown in this operating fund report.

Appendix D

CleanPowerSF

FY 2025-26 1st Quarter - Budgetary Basis - 24750, 24751, 24760, 24761, 24765 & 24870
(\$ Millions)

	FY 2025-26				
	FY 2024-25 Actuals	Original Budget	Revised Budget (includes carryforwards)	Projection (current year spending)	Variance (Projection vs Revised Budget)
Operating Sources					
Electric Sales - Green Product	344.0	363.8	363.8	346.2	(17.6)
Electric Sales - SuperGreen Product	60.9	64.3	64.3	74.1	9.8
Wholesale Sales	22.8	11.9	11.9	21.9	10.1
Subtotal - Electric Revenues	427.7	440.0	440.0	442.2	2.2 A
Interest Income	0.4	3.3	3.3	3.3	-
Miscellaneous Income	0.1	-	-	-	-
Appropriated/Budgeted Use of Fund Balance		-	94.5	94.5	-
Total Sources	428.1	443.3	537.8	540.0	2.2
Operating Uses					
Personnel	8.4	10.1	10.0	9.8	0.2 B
Overhead (SFPUC Bureaus)	6.8	7.9	9.0	8.9	0.1
Non Personnel Services	9.8	11.2	13.4	13.4	-
Materials & Supplies	0.0	0.1	0.1	0.1	-
Services of Other Departments	2.1	1.9	2.1	2.1	-
Debt Service	-	-	-	-	-
General Reserve	-	40.3	40.3	-	40.3 C
Total Operating Uses	27.1	71.5	74.8	34.2	40.6
Power Purchases					
Adopted Power Purchases & Related Charges	340.0	362.2	362.2	339.9	22.4 D
Net Operating Results	61.1			845.7	65.2
Other Impacts to Operating Budget					
Programmatic	2.0	9.0	15.5	15.5	-
Capital Projects	0.9	0.5	4.0	4.0	-
Total Adjustments to Operating Fund Balance	2.9	9.6	19.5	19.5	-
Available Fund Balance as of Fiscal Year-End	216.5				281.7 E
Available Fund Balance, % of Operating Uses (F) %	58.7%				72.3%

Revenue Variances

A. Additional revenue due to change in regulatory obligations resulting in excess resource adequacy available to sell. This is offset by lower retail revenues driven primarily by a 3% budgeted rate increase that did not occur.

Expenditure Variances

B. Salary savings reflect vacant positions.

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

D. Savings are primarily due to lower costs for energy and energy attributes. Purchase of Power is funded in the CleanPowerSF Trust Fund which is a continuing fund. Amounts from prior fiscal years automatically roll forward and are reflected as part of the beginning fund balance. The variance shown above represents the change relative to the original budget.

Other Notes

E. Available fund balance at fiscal year end is calculated within this report by taking beginning fund balance, less any fund balance budgeted to be used as a source, and adding the 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 considered restricted and CleanPowerSF may choose to close them out to fund balance, we are presenting them here as part of fund balance.

F. 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.