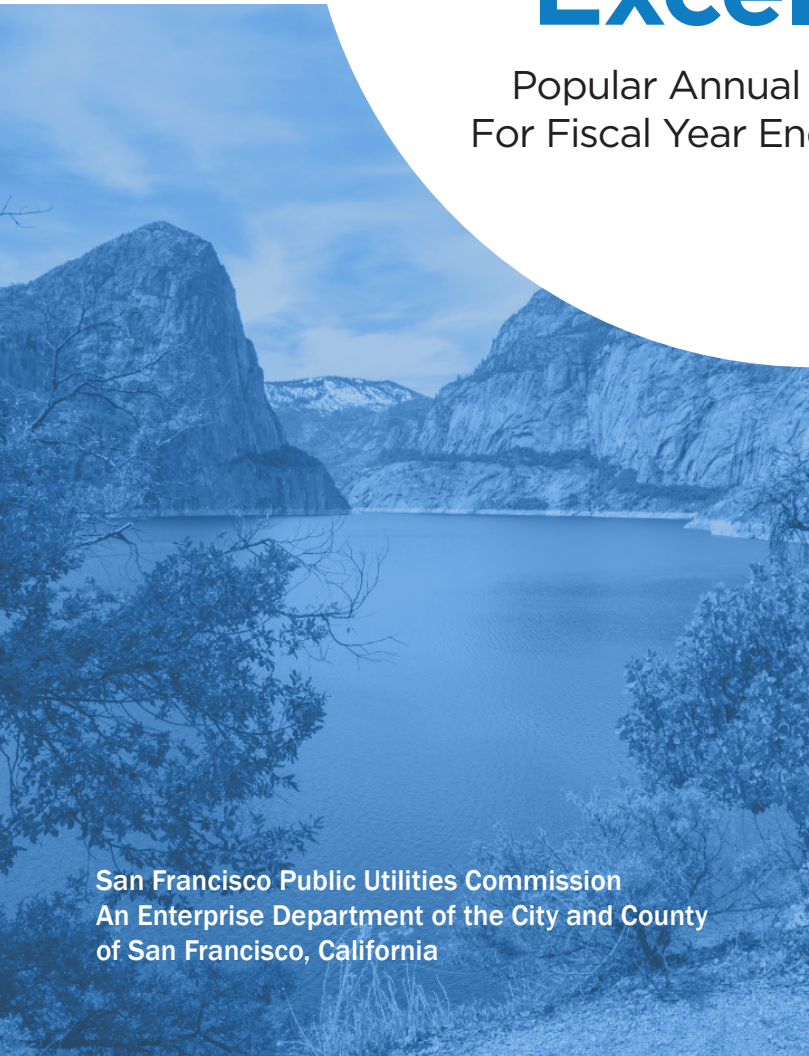




San Francisco
Water Power Sewer
 Services of the San Francisco Public Utilities Commission

Organizational Excellence

Popular Annual Financial Report
 For Fiscal Year Ended June 30, 2024



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

San Francisco Public Utilities Commission

(AS OF DATE OF PUBLICATION)

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Joshua Arce, VICE PRESIDENT

Avni Jamdar, COMMISSIONER

Steve Leveroni, COMMISSIONER

Water

We are the third largest municipal utility in California, serving 2.7 million residential, commercial, and industrial customers in the Bay Area. Approximately one-third of our delivered water goes to retail customers in San Francisco, while wholesale deliveries to 27 suburban agencies in Alameda, Santa Clara, and San Mateo counties comprise the other two-thirds.

Power

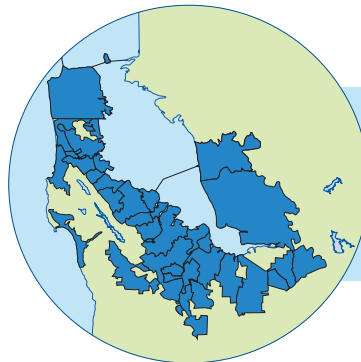
For 100 years, we have been generating greenhouse gas-free hydropower as our city's full-service, publicly owned electric utility. In 2016, we launched CleanPowerSF, a community choice aggregation program, to introduce even more renewable energy from sources like wind and solar to the electric grid. Collectively, the two systems meet more than 70 percent of the electricity demand in San Francisco.

Sewer

We operate and maintain the City's water pollution control plants, pumping stations and collection system to protect public health and the environment. We maintain 1,900 miles of sewer mains and lateral and 27 pump stations that collect sewage and stormwater, moving the wastewater to the three treatment plants for treatment and discharge to the San Francisco Bay and Pacific Ocean.

Contents

- 3 | Water
- 5 | Power
- 7 | Sewer
- 9 | Community Benefits
- 11 | Finance



**Bay Area Reliance on
Hetch Hetchy Regional
Water System**

Message from our General Manager

Dear Customers and Interested Parties,



On behalf of the San Francisco Public Utilities Commission (SFPUC), I am pleased to present the Popular Annual Financial Report for Fiscal Year 2023-2024.

The SFPUC delivers essential water, power, and sewer services that support the functioning and well-being of San Francisco and the Bay Area. This report highlights our commitment to our core mission and long-term financial strength. We are guided by three key priorities: affordability, responsible management, and investing where it matters.

As part of our commitment to affordability, we secured alternative revenue sources to help manage utility rates, including nearly \$14 million in state and federal debt relief and \$9 million in low-income assistance for customers who fell behind on their water and sewer bills during the pandemic.

In total, the SFPUC has secured and credited customers with more than \$40 million in pandemic-related utility bill relief. This includes a second round of CleanPowerSF and Hetch Hetchy Power bill credits and low-income discounts totaling almost \$1.3 million, which the SFPUC assigned to customers in early 2023.

Responsible management of our resources is central to our budget and operations. By creating and committing to an environmental justice policy 15 years ago, followed by a comprehensive community benefits policy, we have built trust and established partnerships in historically underserved communities, while improving the quality of life in SFPUC service areas.

City residents worked more than 34% of the total hours on SFPUC construction projects through the end of fiscal year 2024. They also completed 59% of all apprentice hours on the Sewer System Improvement Program, gaining training, trades skills, family-supporting wages, and healthcare and pension benefits. Future construction projects are expected to create another 50,000 jobs over the next 10 years.

The SFPUC is prioritizing infrastructure projects that will have the greatest impact on our community's growth and sustainability, investing where it matters most. One of the

most notable projects in our 10-year capital plan is the SFPUC's \$1.5 billion commitment to reduce nutrients and protect water quality in San Francisco Bay.

Launching CleanPowerSF eight years ago has helped position the SFPUC as a utility of the future. Now we provide about 75% of San Francisco's electricity through our CleanPowerSF and Hetch Hetchy Power programs, and we are working to expand public power so that all San Franciscans can benefit.

Our public power is clean, reliable, and affordable, saving customers \$170 million in 2023 compared to what they would have otherwise paid to PG&E. We are moving forward on our bid to buy the portion of PG&E's electricity grid that serves San Francisco. The money to acquire the grid would not come from the City's budget or taxes. It would be paid over time through electric rates.

While infrastructure forms the backbone of our operations, our people drive our success. The SFPUC is investing in retention, recruitment, and a diverse, equitable, and inclusive workforce. This investment not only expands talent development opportunities, it also enhances our financial strength, bringing different perspectives to improve problem-solving, spur innovation, and serve our diverse customer base.

The SFPUC remains a leader among public utilities, prioritizing both people and the environment. I am thankful to our Commissioners and staff for their unwavering dedication to serving San Francisco and securing a better and sustainable future for everyone.

Dennis J. Herrera,
SFPUC General Manager

A Century-Long Commitment

Access to clean water is essential for life and public health. San Francisco's Hetch Hetchy Regional Water System has been a key driver in the Bay Area's economic growth over the last 100 years, while helping to sustain Northern California's complex and diverse ecosystems.

Continuous Growth and Improvement

San Francisco's water system has grown from simple streams and wells to a sophisticated network of dams, reservoirs, tunnels, and pipelines that bring water from the Sierra Nevada to 2.7 million customers in the Bay Area. This system depends on healthy watersheds. We're committed to protecting them to ensure thriving ecosystems and clean, reliable, and affordable drinking water.

Steelhead Trout Start Rebound in Alameda Creek

Steelhead trout were once abundant in Alameda Creek when the SFPUC's private predecessor, Spring Valley Water Company, purchased this land in the early 1900s. Over a century of development created barriers to fish migration that greatly reduced those numbers. After over two decades of working with public agencies and nonprofits to restore steelhead trout to Alameda Creek, SFPUC biologists recorded a significant milestone this year, capturing and releasing 2,588 juvenile steelhead, up from an average of 37 per year over the past eight years. The natural steelhead run's restoration will also enhance the health of the creek and surrounding watershed.

Protecting Monarchs, Preserving Watersheds

The monarch butterfly may soon be listed as endangered, and the SFPUC is taking steps before that to protect it. The Department of Fish and Wildlife has created a program allowing utilities to operate

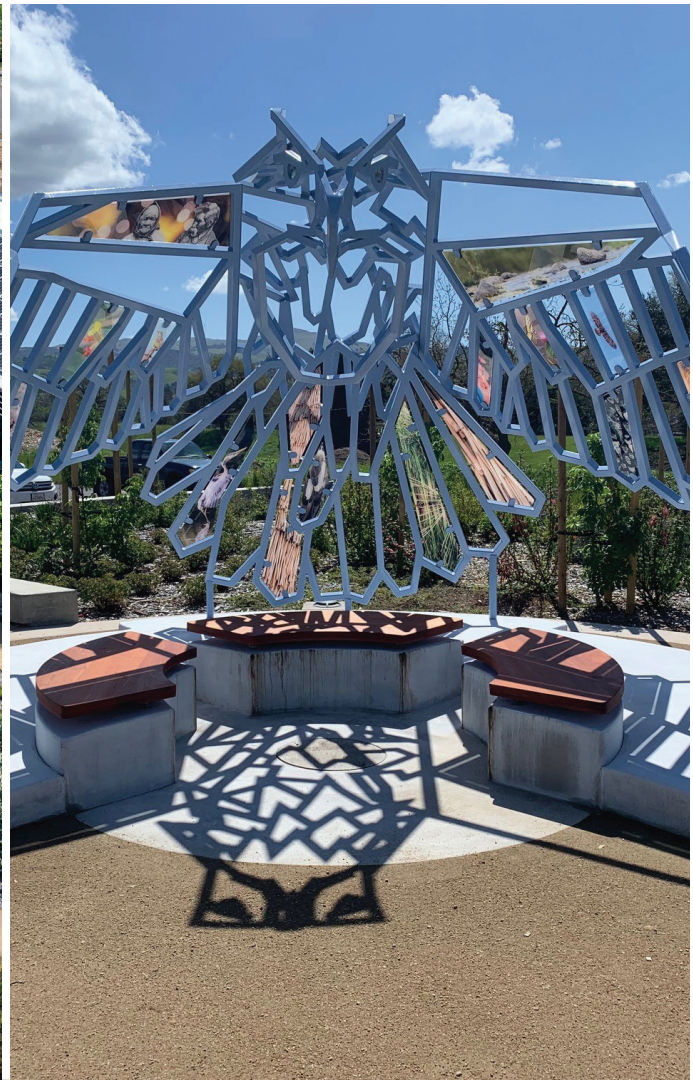
with more flexibility while actively conserving the monarch butterfly. In anticipation of the butterfly's listing, Hetch Hetchy Water is leading efforts to develop a Monarch Butterfly Conservation Agreement.

This winter, we'll submit our agreement ahead of the meeting being held to determine the monarch butterfly's status. If accepted, Hetch Hetchy Water will create conservation plots, using methods like timed grazing and delayed mowing, to protect the butterfly's habitat.

Bringing Ozonation Benefits to More Customers

While harmless algae naturally occur in our healthy reservoir system, they can sometimes cause slight taste and odor issues, especially in the warmer months. Ozonation, a chemical-free method that breaks down organic matter from algae, improves water quality and is already in use at the Harry Tracy Water Treatment Plant in San Bruno.

This summer, the SFPUC began construction on the Sunol Valley Water Treatment Plant's Ozonation Project to ensure that the Hetch Hetchy water stored in our warmer Alameda County reservoirs – Calaveras and San Antonio – will be fresh-tasting and odor-free. When completed, the new Sunol Valley Water Treatment Plant's ozonation system will reduce organic contaminants, enhancing water quality and supporting the overall health of the Alameda Creek Watershed.



Left: Alameda Creek Watershed Center, Right: Songs of the Watershed is a sculptural and sonic installation honoring the Muwekma Ohlone Tribe by artist Walter Kitundu. Ruupaywa (the eagle) is a chief, a protector, and a creator in the Muwekma Ohlone creation story, Photos by: Robin Scheswohl and Tim Ramirez

Prioritizing Safety on the Peninsula

The SFPUC is using every tool in the box to reduce wildfire risk in our watersheds, from grazing cows and goats to forecasting daily fire potential to grinding dense brush. Along the 23,000-acre Peninsula watershed, the SFPUC partners with CAL FIRE on controlled burns, mimicking natural brush-clearing fires that occurred before European settlement. These burns also provide valuable firefighting training and help protect our drinking water.

The Peninsula watershed is home to the Lower Crystal Springs Dam in San Mateo County, recognized as a National Historic Civil Engineering Landmark in December of 2023. Owned and operated by the

SFPUC, the dam was completed in 1890 and forms the backbone of a water system that serves more than one million people in northern San Mateo County and in San Francisco County.

Maintaining healthy watersheds year after year is fundamental to sustaining a regional water system that consistently delivers high-quality, safe, and reliable drinking water. Through our commitment to operational excellence, we test our water more than 250,000 times a year for contaminants, including microbes, copper, lead, and disinfection byproducts. For the 28th consecutive year, we published our Annual Water Quality Report for San Francisco, showcasing our dedication to delivering drinking water that meets or exceeds all state and federal standards.

Efficient, Safe, Consistent

For over 100 years, Hetch Hetchy Power has generated clean, 100% greenhouse gas-free electricity for San Francisco. Launched in 2016, our community choice aggregation program, CleanPowerSF, provides clean, affordable, and reliable power to over 380,000 residential and commercial customers. Together, they supply more than 75% of the power consumed today in San Francisco.

Fostering Continuous Improvement for a Sustainable Future

In June, the SFPUC expanded its renewable energy portfolio, committing to a 15-megawatt battery energy storage and 20-megawatt solar project in Stanislaus County. The renewable energy project helps secure more clean, affordable, and reliable electricity for over 380,000 CleanPowerSF customers in San Francisco.

The new Paulsell Energy Center generates enough electricity annually to power approximately 17,000 average San Francisco homes. Additionally, the 15-megawatt 4-hour battery energy storage system holds solar energy that is produced during the day and uses it at night, when power from the grid is more costly and reliant on natural gas.

Since launching CleanPowerSF in 2016, the SFPUC has helped accelerate California's transition from fossil fuel power to more renewable energy, helping to green the electrical grid, create jobs, and grow the market for clean energy.

Collaboration Key to 'Electrify My Ride' Success

Achieving a carbon-free City takes big initiatives as well as smaller efforts, all working together to make meaningful change. In early 2024, the SFPUC launched "Electrify My Ride," offering a \$1,000

customer rebate off the purchase of a new electric bike to low-income power customers, making this eco-friendly transportation option accessible to more San Francisco residents. Customers redeemed over \$350,000 in rebates.

Electrify My Ride was the SFPUC's first effort to encourage the use of micromobility options, like e-bikes and electric scooters, which are small, electric-powered devices that produce zero emissions during use. Keys to the campaign's success included developing partnerships with bike retailers and using multiple channels, such as social media, email campaigns, and community events, to reach customers.

For example, an "E-Bike Test Ride Event" at a local retailer in the South of Market neighborhood led several customers to try their first electric bike and make a purchase the same day.

Electrify My Ride feedback was overwhelmingly positive. One customer said, "This is an amazing opportunity to get something I would never have been able to afford. The benefits in convenience and overall health are priceless. "Thank you!"

The exciting next phase of Electrify My Ride is coming in 2025!



Left: Bike Connection Staff and SFPUC staff at “E-Bike Test Ride” event, Top right: The Paulsell Solar Energy Center, Bottom right: SFPUC crew converting “Path of Gold” light with energy efficient bulb, Photos by: Bike Connection staff, NextEra Energy Resources, Ian Anoneuvo

‘Path of Gold’ Streetlights Get Brilliant Upgrade

Since 1916, San Francisco’s historic and architecturally distinctive “Path of Gold” streetlights have lit Market Street, the City’s main thoroughfare. Now the streetlights will shine brighter and use energy more efficiently thanks to critical upgrades from the SFPUC.

Recently, SFPUC workers replaced aging lightbulbs in all 327 iconic streetlights with more efficient LED versions, saving 640 megawatt-hours annually. That’s enough energy for an electric vehicle to drive around the circumference of the Earth 74 times! The new durable LEDs benefit all of San Francisco through reduced energy consumption and lower maintenance and repair costs, saving ratepayers money. They also will improve visibility for pedestrians, cyclists, and public transportation along the 3.1-mile corridor, ensuring that our public spaces are well-lit and welcoming.

Over half of all streetlights in San Francisco are powered by Hetch Hetchy Power’s 100% greenhouse gas-free electricity, which helps reduce air pollution, improve air quality, and support healthier living conditions for our community. When we prioritize brighter, more efficient, and sustainable lighting, it’s a win-win for the people of San Francisco and the planet.

Small Technology Wins Lead to Big Impacts for Customers and San Francisco

Small technology wins have resulted in big impacts for our Power customers and San Francisco.

Each year, Power receives over 20,000 requests from contractors or other agencies to review their excavation plans and provide them with underground utility location information. Previously, this process included submitting and reviewing requests via email and paper packets for field workers, creating an extended approval process.

The SFPUC Power enterprise recently introduced a new cloud-based approval system, significantly improving efficiency within the agency and accelerating approvals for requestors.

In addition, new digital workspaces have increased productivity and collaboration among staff. The Power Redevelopment Team used their digital space to design, install, and seamlessly connect over 600 new residential units in San Francisco to Hetch Hetchy Power this past year. By improving the way we work, we can be more efficient in providing quality customer service and supplying customers with affordable, reliable, and clean electricity.

Innovative Sewer Solutions, Expertly Delivered

We own and operate about 1,900 miles of sewer mains and laterals right under the street. End to end, it would stretch from here to Colorado and back.

Innovative Tech and Teamwork Boost Sewer Management

Recognizing the scale and complexity of our capital program, our Collection System Division developed a robust quality assurance and quality control program. We validated contractor workmanship on new sewers through closed circuit television inspections and used advanced data storage for quick, reliable access to high-resolution inspection records.

We're also expanding the use of trenchless technologies to rehabilitate sewer systems, avoiding extensive digging, disruptions, and exposure to construction hazards. Staff are partnering with San Francisco Public Works and the SFPUC's Bureau of Construction Management to improve inspections during critical construction phases, ensuring that the most essential and high-risk phases of construction receive the necessary attention, while reducing the need for future interventions.

Green Infrastructure Partnerships Drive 1 Billion Gallon Stormwater Plan

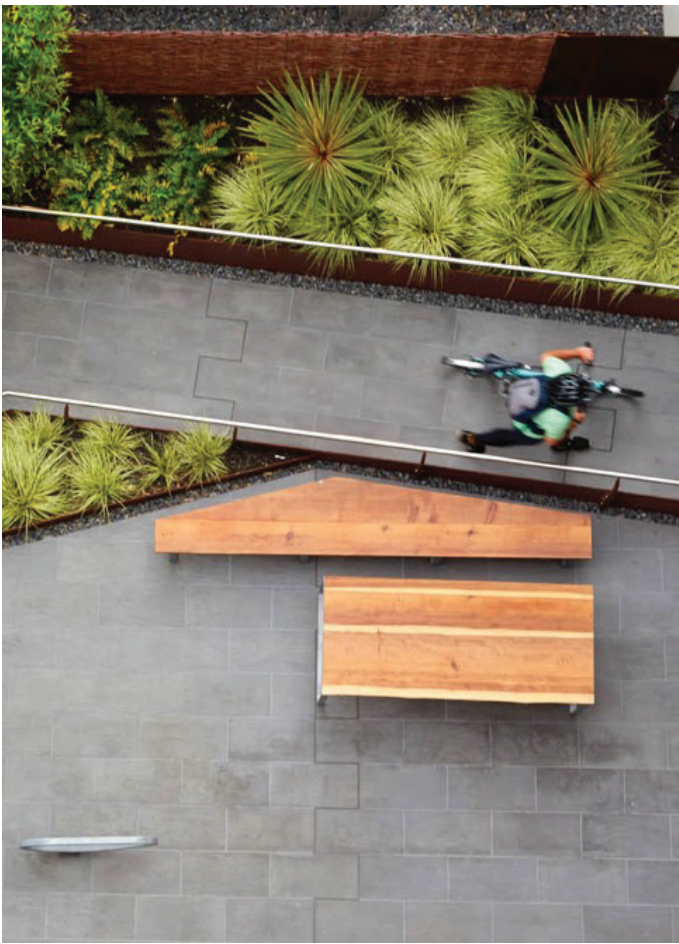
Designed to inspire San Francisco property owners to innovate and invest in green infrastructure, such as permeable pavements, rain gardens, and green roofs, the SFPUC's Green Infrastructure Grant Program supports stormwater diversion and helps manage

runoff. It also delivers other public benefits. To receive funding, projects are required to achieve two additional outcomes, such as environmental justice, climate resilience, or biodiversity, fostering broader community improvements.

During fiscal year 2024, the Green Infrastructure Grant Program awarded \$3.6 million in grants to Mariners Village, Cornerstone Academy-Cambridge, and Cornerstone Academy-Silver, supporting key green infrastructure projects across the city. Additionally, three previously awarded projects for St. Monica Catholic Church and School, St. Thomas the Apostle Church and School, Everett Middle School and Visitacion Valley Elementary School, began construction. Three others, St. Anne of the Sunset Church and School, St. Emydius Church and School, and Crocker Amazon Park completed construction.

The Wastewater Enterprise also increased the maximum funding available per project and expanded eligibility to include initiatives on public land, enhancing the program's overall impact.

Since its launch, the Green Infrastructure Grant Program has made steady progress in diverting stormwater from non-permeable surfaces, awarding nearly \$24 million across 23 projects. These grants



Stormwater Management Ordinance Green Infrastructure projects in San Francisco Hayes Valley and Treasure Island Buckeye Grove, Photos by: SFPUC Urban Watershed Planning Division.

have supported 18 schools and educational facilities, reaching over 6,000 students, as well as three public parks and various residential and institutional properties. Collectively, these projects are set to capture 15 million gallons of stormwater annually, bringing the City another step closer to its goal of capturing 1 billion gallons of stormwater annually using green infrastructure by 2050.

Shaping a Sustainable Future through Stormwater Management

Passed in 2010, the San Francisco Stormwater Management Ordinance requires new and re-development projects that create or replace 5,000 square feet or more of impervious surface to use green infrastructure practices to reduce stormwater runoff and improve water quality. The SFPUC administers the stormwater management program in compliance with the ordinance and the Clean Water Act.

Nearly 440 development projects have been approved since the ordinance went into effect 14 years ago. Last fiscal year, we completed 77 Stormwater Control Plan reviews, maintaining an average review time of nine weeks. The green infrastructure developed under the ordinance manages about 266 million gallons of rainwater annually across one square mile of urban space, diverting 90 million gallons away from the City's sewer system – enough to fill nearly 15,000 swimming pools.

This legislation remains San Francisco's most significant stormwater management initiative, with a long-term goal of capturing 1 billion gallons of stormwater annually by 2050. Additionally, customers may be eligible to apply for a stormwater credit to lower their monthly sewer bill by complying with the Stormwater Management Ordinance.

A Culture of Service

Our focus on continuous improvement, operational efficiencies, and inclusion helps foster a culture of service where everyone – from employees to customers to the public – feels valued and supported.

The Value of Local Participation

When the SFPUC began contracting for the construction of the Southeast Community Center at 1550 Evans St., the agency introduced a new requirement called Local Participation, aimed at maximizing contractors use of Local Business Enterprises (LBEs) and local workers while meeting legal requirements for local business and hiring.

As a result of Local Participation strategies, 31% of work was subcontracted to LBEs, exceeding the City's 20% requirement. Of the 37 LBEs awarded contracts, 25 were from the neighborhood, generating \$15 million for local businesses.

Local workers completed 39% journey-level hours and 62% apprentice hours, exceeding the City's local worker requirements of 30% total work hours and 50% apprentice hours. Additionally, neighborhood residents living in the project's immediate area worked 39% of the apprentice hours. Local businesses and workers praised their work as a model for community involvement.

Since then, the SFPUC has incorporated Local Participation into other large-scale projects including our new Wastewater Treatment Plant on Treasure Island and the Water Enterprise's new headquarters at 2000 Marin St., providing more opportunities for local businesses and workers.

Helping Those in Need

The SFPUC is a leader in ratepayer affordability among public utilities, with robust customer assistance programs for all of our essential services. This fiscal year we expanded and improved our Customer Assistance Program for water and wastewater customers, offering low-income customers discounts on their bill.

We increased our discount from 25% to 40% to support our lowest income customers. Additionally, all late fees were eliminated, and customers who qualify for the program are now exempt from shutoffs or liens due to late payments.

Customer Assistance Program participation has increased more than 200% over the last two years, growing from 2,100 customers in January 2022 to over 7,000 customers by June 2024. The SFPUC has conducted comprehensive outreach campaigns to low-income, Black, indigenous, people of color, immigrant, and environmental justice communities to facilitate this growth. This expansion has been funded by non-rate revenues, which are now distinctly earmarked to fund the Customer Assistance Program.

Our outreach drew more than 25,000 visitors to the application webpage this fiscal year alone. The SFPUC used a mix of modern communication tools, such as social media and digital streaming ads, along with traditional methods like mailings, email, face-to-face outreach at neighborhood events, and TV, radio, and newspaper advertising.

The SFPUC sent thousands of letters and emails in different languages to customers who were behind on their bills to let them know about available financial help. We informed customers about state relief funds the SFPUC applied for, received, and added directly to their accounts. We also gave them information about payment plans, how to sign up for them, and how to apply for the California Low Income Household Water Assistance Program, as well as other support options.

Rewriting the Insurance Narrative

In the wake of California's escalating insurance crisis, the SFPUC faced steep premium increases affecting our enterprises and inability to insure new mission-



Local workforce at the Southeast Community Center through SFPUC's Local Participation program, Photos by: Robin Scheswohl

critical power generation assets. The SFPUC proactively restructured our insurance strategy and quickly brought our asset portfolio to the insurance markets to seek better pricing and expanded coverage.

Working collaboratively, we presented a compelling case for underwriters, highlighting our proactive risk mitigation strategies and a strong loss-control program, which collectively reduced the likelihood of costly claims from both wildfire and mechanical issues. The agency negotiated favorable terms culminating in a substantial cost saving of up to \$1 million in the first year alone.

The SFPUC's journey from facing repeated premium increases and limitations of coverage to securing a deal that promises both stability and savings was done thanks to a variety of partnerships, at the City and SFPUC department level, and through our brokers. We also created a blueprint for successful property insurance renewals and set a strong precedent for agencies to be good stewards of their assets and take initiative to drive for good financial and operational outcomes.

More Highlights

- The SFPUC's Policy and Government Affairs team helped protect the City's pre-1914 water rights at the state level, which are essential to our water

operations. Additionally, we helped pass about 45 local laws and responded to over 100 requests from community members referred to us by the San Francisco Board of Supervisors.

- Relationship building was a hallmark of the SFPUC's Racial Equity, Diversity, and Inclusion team's first year, creating and organizing multiple initiatives including a prestigious speaker series, a thought-provoking reading club, and Inclusive Excellence Professional Development workshops for key SFPUC leadership groups.
- At the 6th Annual San Francisco Collaborative Partnering Awards, two major SFPUC projects were recognized with top honors. The Southeast Community Center earned the prestigious Gold Award (Buildings – Over \$20 Million), while the Mariposa Dry Weather Pump Station Project received the Silver Award (Buildings – Under \$20 Million).
- Our Social Impact Partnership program facilitated over \$2.5 million in donations from contracting firms to nonprofits and public schools located near SFPUC construction projects. A new reporting portal has improved contractor compliance thanks to better data integrity and an improved user experience.

Keeping Our Water Rates Affordable

Single-Family Residential FY 2023-24

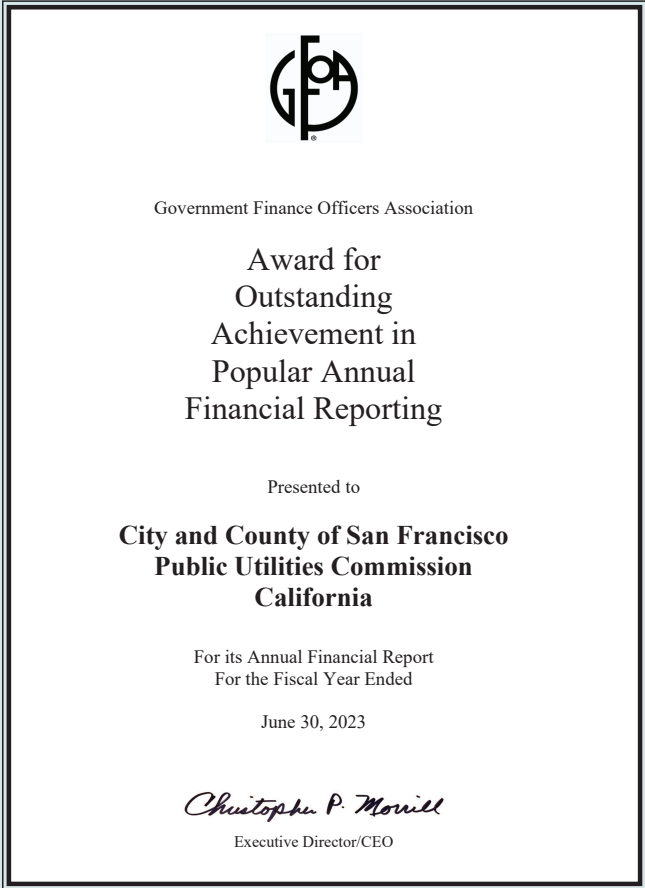
Average Monthly Usage (ccf)	4.70
Average Monthly Bill	\$142.86
Cost per Person per Day	\$2.07
Total Cost per Gallon	\$0.041
Total Combined Bill as % of San Francisco Median Household Income	1.61%
Total Combined Bill as % of San Francisco Low Income Household	3.88%

Calculation is based on the average monthly water usage
 Average Water/Sewer Bill as % of Typical Household (40th Percentile) Income
 Average Water/Sewer Bill as % of Low-Income Household (20th Percentile) Income

Financial Performance

Since 2010, this report has won the prestigious “Award for Outstanding Achievement in Popular Annual Financial Reporting” from the Government Finance Officers Association.

This award recognizes our commitment to increase public awareness by providing an overview of our financial condition. The financial information for this report is drawn from the audited financial statements in the **SFPUC’s Fiscal Year 2024 Annual Comprehensive Financial Report (ACFR)**, using the full accrual basis of accounting and providing complete financial information and disclosures in conformance with generally accepted accounting principles (GAAP). PAFR is not audited and is presented on a non-GAAP basis as note disclosures have been excluded in the report. Our ACFR, which provides complete financial information and disclosures in conformance with GAAP, is available online at www.sfpuc.org/about-us/reports.



The **Comparative Consolidated Net Position** provide information about the nature and amount of resources and obligations at a specific point in time. SFPUC continued to reflect a strong and healthy financial condition over the last several fiscal years. Investments in capital assets constituted 67% of our net position and represented the amount by which the carrying value of capital assets exceeds capital-related debt, which comprises the outstanding balances of bonds, commercial paper, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. For FY2024, SFPUC net position increased by 4% or \$118 million as compared to FY2023, mainly due to increase in restricted for capital projects.

There are five components in the Statement of Net Position, which is intended to present what the entity owns (assets), owes (liabilities) and its residual or net position.

1. Assets are resources with present service capacity that the government presently owns or controls.
2. Deferred outflow of resources is a consumption of net assets by the government that is applicable to a future reporting period—for example, amortization of refunding loss to future periods.
3. Liabilities are present obligations to sacrifice resources that the government has little or no discretion to avoid, such as debts owed, and represent claims against assets.
4. Deferred inflow of resources is an acquisition of net assets by the government that is applicable to a future reporting period—for example, amortization of net difference in pension projected verses actual earnings.
5. Net position is the residual of all elements presented in a Statement of Net Position, i.e., Total assets plus deferred outflows minus total liabilities minus deferred inflows. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or worsening.

The **Comparative Revenues and Expenses** reflected continued revenue growth. SFPUC strives to achieve strong financial performance and effectively controls its operating costs to not exceed revenues.

Total revenues, transfers in and contributions increased by \$232 million when compared to prior year. This is mainly due to capital contributions from developers, and higher charges for services for our customers.

Total expenses and transfers out increased by \$291 million, as compared to prior year. This was primarily due to higher judgment and claims expenses based on actuarial estimates.

Definitions

- **Capital Assets:** Include depreciable, amortizable, non-amortizable and non-depreciable facilities and buildings, improvement, machinery and equipment, intangible assets, land, rights-of-way, right-to-use lease and subscription assets, as well as construction work in progress, net of depreciation and amortization.
- **Current and Other Assets:** Assets easily converted to cash or consumed within one year: cash, investments, receivables, and prepaid expenses.
- **Long-term Debt Outstanding:** Payments due on debt that are more than 12 months in the future.
- **Current Liabilities:** Payments due on obligations owed by SFPUC within the next 12 months.
- **Net Position:** Net difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources.
- **Change in Net Position:** The total of net income (loss), net of transfers, contributions, and cumulative effect of accounting change.
- **Depreciation and Amortization Expense:** Depreciation spreads out the cost of a tangible asset over its useful life, and amortization is the deduction of intangible assets over a specified time period; typically the life of an asset.
- **Income (Loss):** The difference between total revenues less total expenses.
- **Non-operating Revenues and Expenses:** Revenues and expenses that are incidental to SFPUC's main purpose and derived from activities not directly related to SFPUC's operations such as license fees and penalties, interest earnings and costs associated with debt.
- **Operating Expenses:** Expenses incurred in the provision of water, sewer, and power services.
- **Operating Revenues:** Revenues for the sale of water, sewer, and power services to customers, services, inspections, and programs provided by SFPUC.
- **Transfers in:** Funds recovered from other city departments to support various programs and projects.
- **Transfers out:** Funds provided to other city departments to support various programs and projects.

A Closer Look at the Numbers

SFPUC 2024 By the Numbers

Miles	1,724 miles of water mains 1,139 miles of collection system pipes
Millions of gallons (MG)	280,867 MG water reservoir storage 68,558 MG water production 63,854 MG water consumption
Millions of gallons per day (MGD)	175.2 MGD water consumption 80.2 MGD sewer treatment
San Francisco Population	804,842
San Francisco Personal Income per Capita	\$167,542
SFPUC Website	sfpuc.gov

SFPUC Assets (DOLLARS IN MILLIONS)

Fiscal Year	FY2024	FY2023	FY2022	2024-23 \$ Change	2023-22 \$ Change
Cash & Investments	\$ 1,583	1,448	1,225	135	223
Charges for Services Receivables (net of allowance for doubtful accounts)	196	159	162	37	(3)
Capital Assets^	12,262	11,207	10,460	1,055	747
Others	301	200	528	101	(328)
Total Assets	\$ 14,342	13,014	12,375	1,328	639

^Fiscal years 2022 to 2023, total asset reclassification from capital assets and others.

Fiscal year 2024, SFPUC assets increased by \$1,328 million or 10%, mainly due to \$1,055 million in capital assets mainly from San Joaquin Pipeline Valve and Safe Entry Improvement and Mountain Tunnel Improvement projects, and \$135 million in cash and investments mainly due to higher collections from billings.

Fiscal year 2023, SFPUC assets increased by \$639 million or 5%, mainly due to \$747 million additional construction and capital improvements, and \$223 million in cash and investments. The increase is offset by decreases of \$328 million mainly in receivables from State Water Resources Control Board for various construction projects, and restricted net pension asset based on actuarial estimates.

SFPUC Liabilities (DOLLARS IN MILLIONS)

Fiscal Year	FY2024	FY2023	FY2022	2024-23 \$ Change	2023-22 \$ Change
Certificates of Participation	\$ 125	129	134	(4)	(5)
Commercial Papers	622	488	625	134	(137)
Bonds	7,968	7,639	6,987	329	652
Notes	—	350	350	(350)	—
State Revolving Fund Loans	578	482	424	96	58
Water Infrastructure Finance and Innovation Act loans	922	122	—	800	122
Others	1,174	951	787	223	164
Total Liabilities	\$ 11,389	10,161	9,307	1,228	854

Fiscal year 2024, SFPUC liabilities increased by \$1,228 million or 12%. The increases included \$1,005 million in outstanding debts due to bonds, WIFIA loans and State loans issuances, and \$223 million mainly due to judgment and claims expenses based on actuarial estimates.

Fiscal year 2023, SFPUC liabilities increased by \$854 million or 9%. The increases included \$690 million in outstanding debts due to bonds, WIFIA loans and State revolving fund loans issuances, and \$164 million mainly due to pensions based on actuarial estimates.

Financials at a Glance

SFPUC By the Numbers (DOLLARS IN MILLIONS, UNLESS OTHERWISE STATED)

	Water	Wastewater	Hetchy Water	Hetchy Power	CleanPowerSF	SFPUC
S&P Global Bond Rating.....	AA-	AA	N/A	AA	N/A	N/A
Moody's Investors Service.....	Aa2	Aa2	N/A	N/A	A2	N/A
Fitch.....	N/A	N/A	N/A	AA-	N/A	N/A
Current Ratio	1.42 times	1.72 times	6.11 times	1.67 times	5.59 times	1.75 times
Debt Ratio	90.4%	78.5%	14.4%	48.8%	20.6%	79.4%
Debt Service Coverage ¹	1.81	3.87	N/A	64.97	N/A	N/A
Average Borrowing Rate ²	3.43%	3.20%	N/A	3.61%	N/A	N/A

¹Debt Service Coverage based on indenture basis

²The SFPUC's high credit ratings helps to reduce high borrowing costs. Weighted average interest rate on outstanding bonds as of 6/30/24.

Total Assets ²	\$	6,644.2	6,066.4	319.1	1,088.1	224.7	14,342.1
Deferred Outflows of Resources.....	\$	212.6	55.5	15.1	18.4	3.2	304.8
Total Liabilities ²	\$	6,003.1	4,763.1	46.1	530.8	46.2	11,388.9
Deferred Inflows of Resources.....	\$	104.1	21.3	4.8	5.9	3.2	139.3
Net Position	\$	749.6	1,337.5	283.3	569.8	178.5	3,118.7

²SFPUC total included elimination entries of \$0.4 million interfund payables and receivables between Wastewater and Hetchy Power.

Number of Customer Accounts.....		178,961	177,098	5	7,043	384,664	747,771
Capital Budget.....	\$	389.7	953.1	151.8	32.7	2.2	1,529.5
Adopted Annual Operating Budget...	\$	675.1	431.7	94.5	209.4	280.3	1,691.0

Definitions

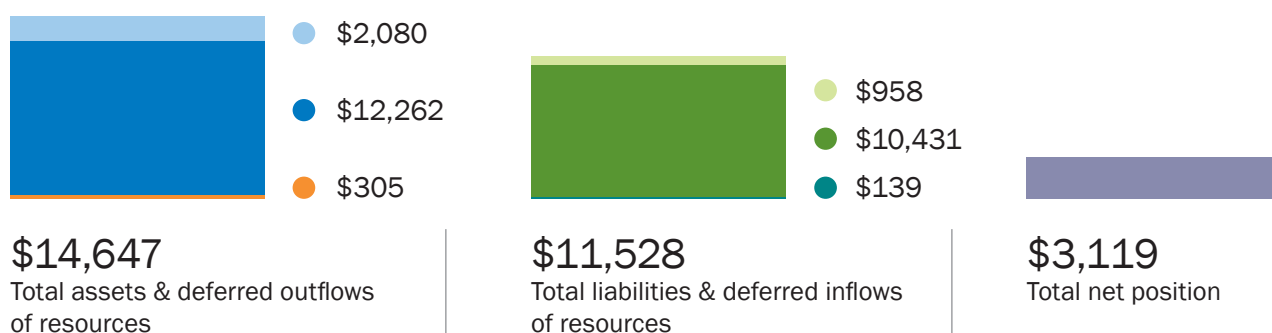
- **Current Ratio:** measures the enterprise's ability to pay short-term obligations with its current assets. It is defined as current assets divided by current liabilities.
- **Debt Ratio:** measures how much of the enterprise's assets are financed by debt. It is defined as total liabilities divided by total assets.
- **Debt Service Coverage:** measures the enterprise's ability to meet both legal and policy-driven revenue obligations associated with debt. The enterprise revenues pledged for the repayment of debt service must meet the following financial ratios: minimum debt service coverage requirements of 1.00x (current) and 1.25x (indenture).

Five-Year Comparative Consolidated Net Position

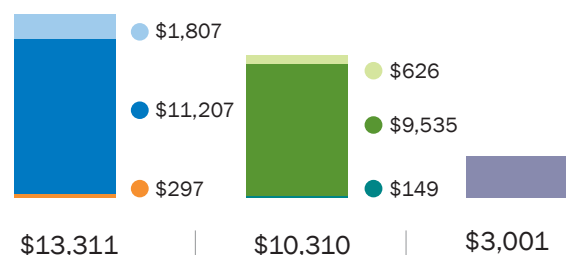
(DOLLARS IN MILLIONS)

- Current & other assets
 - Capital assets, net of accumulated depreciation and amortization[^]
 - Deferred outflows of resources
- Current liabilities
 - Long-term liabilities
 - Deferred inflows of resources
- Net position

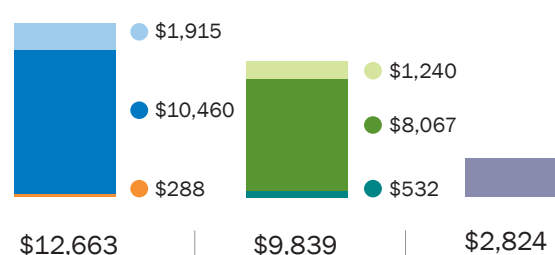
2024



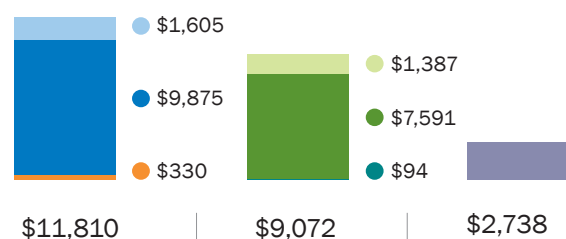
2023



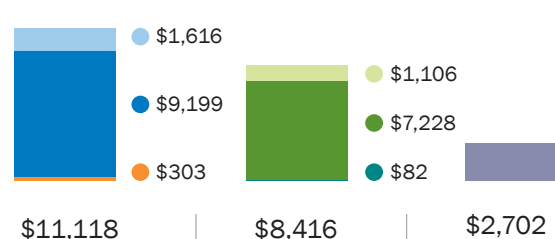
2022



2021



2020



[^]Total asset reclassification from current and other assets to right-to-use lease (fiscal years 2021-2023) and subscription assets (fiscal years 2022-2023).

Five-Year Comparative Revenues and Expenses

(DOLLARS IN MILLIONS)

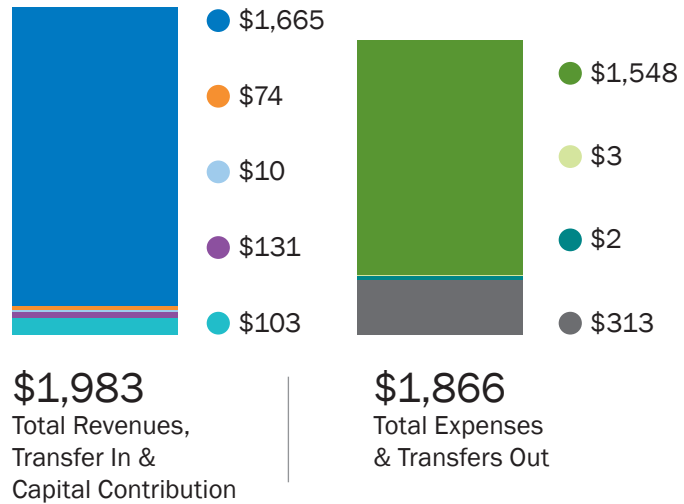
Revenues, Transfers in and Capital Contributions

- Charges for services
- Interest and investment (loss) income
- Rents & concessions
- Transfers in and capital contribution
- Others

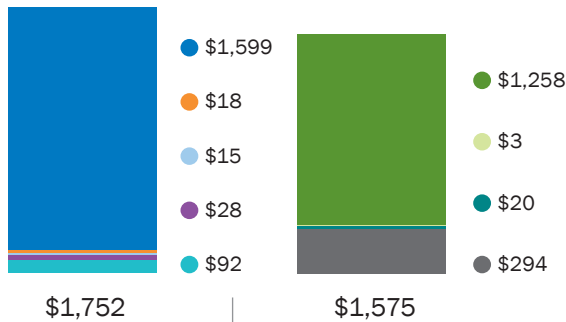
Expenses & Transfers out

- Operating expenses
- Non-operating expenses
- Transfers out
- Interest expenses, amortization of premium, discount, refunding loss & issuance costs

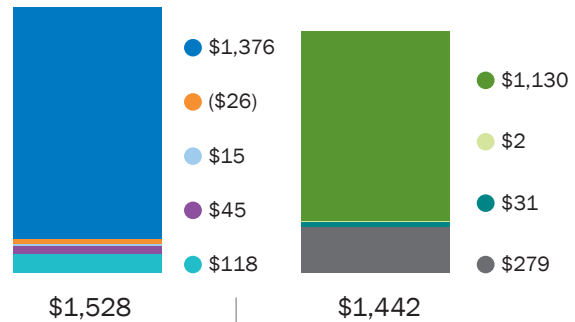
2024



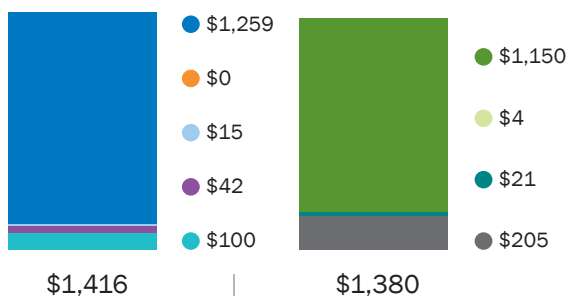
2023



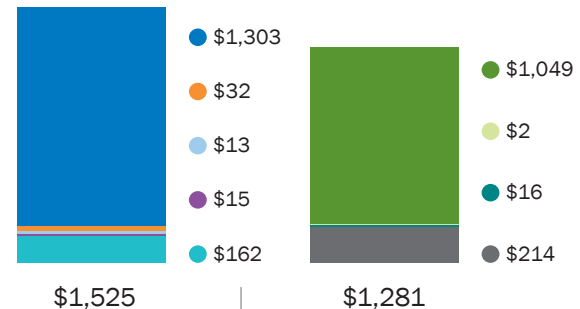
2022



2021



2020





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.

Cover photos: Moccasin Powerhouse Generator Rehabilitation, Millbrae Lab: samples from shoreline testing, Southeast Wastewater Treatment Plant, Hetch Hetchy Reservoir, The Paulsell Solar Energy Center, Stationary Engineer at Oceanside Wastewater Treatment Plant

Back cover photo: Hetchy Hetchy Reservoir - Yosemite National Park

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SFPUC Financial Services
525 Golden Gate Avenue, 4th Floor
San Francisco, CA 94102-3220
sfpu.gov



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