



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

**Edwin M. Lee**  
MAYOR

**Minutes**  
(Approved February 9, 2016)

**SPECIAL MEETING**  
**Friday, January 22, 2016**

**NOTE DIFFERENT TIME AND LOCATION**

10:00 A.M.  
525 Golden Gate Avenue, Second Floor  
O'Shaughnessy Conference Rooms A, B, and C  
San Francisco, CA 94102

**Commissioners**

Francesca Vietor, President  
Anson Moran, Vice President  
Ann Moller Caen  
Vince Courtney  
Ike Kwon

**Harlan L. Kelly, Jr.**  
General Manager

**Donna Hood**  
Secretary



For information, contact the Commission Secretary at 554-3165.  
Minutes and other information are available on the SFPUC web site:

[www.sfwater.org](http://www.sfwater.org)

Gavel-to-Gavel coverage available at:

[http://sanfrancisco.granicus.com/ViewPublisher.php?view\\_id=22](http://sanfrancisco.granicus.com/ViewPublisher.php?view_id=22)

1. Call to Order

*Commissioner Caen called the meeting to order at 10:11 a.m.*

2. Roll Call

*Present: Vietor, Caen, Courtney and Kwon*

*Excused: Moran*

3. Public Hearing and discussion of FY-2016-17 and 2017-18 Operating and Capital Budgets for the San Francisco Public Utilities Commission

*Harlan L. Kelly, Jr., General Manager (GM) provided a brief introduction regarding the budget process and challenges faced. He thanked staff for their work on the budget and introduced Mr. Eric Sandler, CFO, who began the budget presentation.*

*CFO Sandler stated that finance staff will track specific questions asked and return to the Commission with responses.*

*CFO Sandler described the overall budget process and reviewed the budget hearing schedule. He introduced Mr. Steve Ritchie, AGM, Water, who discussed the Water Enterprise proposed budget.*

A. Water Enterprise Proposed Budget

i. Water Presentation

ii. Water Budget Summary

iii. Water Operating Budget

iv. Water Ten-Year Capital and Programmatic Plans

v. Water Financial Plans and Rates

*AGM Ritchie reviewed the Water Enterprise organizational chart and introduced staff. He discussed the Enterprise's accomplishments; improvements; challenges; priorities (Enterprise-wide, regional, and local). He reviewed water uses of funds (FY 2015-16 to FY 2017-18); Water total budget; and total full-time authorized positions.*

*President Vietor thanked AGM Ritchie for the presentation. He responded to her question regarding the removal of the pipes at Bay Division Pipeline 1 and 2 Dumbarton Crossing, noting the issue will be coming back to the Commission with further details and thoughts on how to proceed.*

*AGM Ritchie responded to additional questions from President Vietor regarding on Wastewater discharge and implications; Mountain Tunnel small-scale hydro turbine potential; desalination; and improvements to the customer bills.*

*AGM Ritchie responded to a question from Commissioner Kwon regarding the average life span of pipes.*

*CFO Sandler provided a summary of the Water Enterprise budget; FTE; and water sources and uses of funds. He discussed the Water Enterprise operating budget.*

*CFO Sandler discussed the FY 2016-17 through 2025-26 10-Year Capital Plan: Overview summary; changes from prior year plan; Water Enterprise Plan – regional, local, WSIP augmentation; Capital Plan details; and two-year budget request.*

*CFO Sandler reviewed the Water Enterprise 10-Year Financial Plans and Rates. He discussed key assumptions, historical and projected water sales; combined water and Wastewater retail rates and charges; average monthly bill; and utility affordability as percent of median household income.*

*CFO Sandler responded to a question from President Vietor regarding affordability, and the affordability model. He replied to additional questions regarding wholesale customer contracts, and the 2009 Supply Agreement.*

*Ms. Kathy How, AGM Infrastructure, stated there would be a slight delay in the digester project due to problems with the relocation of Central Shops. Commissioner Caen expressed concern with the delay. GM Kelly provided additional information. Brief discussion ensued.*

#### Public Comment

- *Ms. Nicole Sandkulla, BAWSCA, gave a statement on the operation and capital budgets for the Water and Power Enterprises, and Hetch Hetchy Water and Power. She provided a written copy of her comments.*

*The Commission recessed at 11:42 AM.*

*Commissioner Courtney was excused from the meeting and departed at 11:42 AM.*

*The Commission returned from recess at 12:07 PM.*

*CFO Sandler stated that item B (Power Enterprise proposed budget) and D (CleanPowerSF proposed budget) would be presented together.*

#### B. Power Enterprise Proposed Budget

- Power Presentation
- Power Budget Summary
- Power Operating Budget
- Power Ten-Year Capital and Programmatic Plans
- Power Financial Plans and Rates

*Ms. Barbara Hale, AGM Power, began her presentation with an overview of the system. She reviewed the Power Enterprise organization and introduced staff. She outlined priorities for Power; noted accomplishments; discussed*

*six priority strategies developed through the Business Plan; and noted challenges.*

*AGM Hale reviewed Hetchy Power total use of funds; total budget and full-time authorized positions; CleanPowerSF total use of funds; CleanPowerSF operating and total budget and full-time authorized positions.*

*AGM Hale responded to a question from President Vietor on purchasing power; new developments; and supply need.*

C. Hetch Hetchy Water Proposed Budget

- i. Hetch Hetchy Water Presentation
- ii. Hetch Hetchy Water Budget Summary
- iii. Hetch Hetchy Water Operating Budget
- iv. Hetch Hetchy Water Ten-Year Capital and Programmatic Plans
- v. Hetch Hetchy Water Financial Plans and Rates

*AGM Ritchie provided a Hetch Hetchy Water and Power (HHWP) System overview. He reviewed the Water Enterprise organization structure, and introduced Ms. Margaret Hannaford, HHWP Manager. He reviewed HHWP accomplishments; improvements; challenges; and priorities. He discussed Hetchy Water total use of funds; total budget; and full-time authorized positions.*

*CFO Sandler reviewed the Capital Plan summary and discussed Plan changes from the prior year plan for Power and Water. Brief discussion ensued.*

*AGM Hale responded to a question from Commission Kwon regarding streetlight replacement and from President Vietor regarding Moccasin Power House operations.*

*CFO Sandler responded to a question from Commissioner Caen regarding bond finding; 20-year financial plan; and General Fund rate increase.*

D. CleanPowerSF Proposed Budget

- i. CleanPowerSF Budget Summary
- ii. CleanPowerSF Operating Budget

*CleanPowerSF was discussed with item B – Power Enterprise proposed budget.*

4. Consider motion to continue this agenda item to a Special Meeting noticed for Friday, January 29, 2016.

*On Motion to continue the agenda to a Special Meeting noticed for January 29, 2016*

*Ayes: Vietor, Caen, Moran and Kwon*