San Francisco Public Utilities Rate Fairness Board

Minutes Friday, March 10, 2017
2:00 p.m.
525 Golden Gate Avenue 2nd Floor
O’Shaughnessy Conference Room
San Francisco, CA 94102

1. Call to Order and Roll Call
CoChair Howard Ash called the meeting to order at 2:00 p.m.

Present: Howard Ash, Theresa Kao, Adam Nguyen, Jamie Querubin, Scott Ungermann
Kevin Cheng was excused from the meeting.

2. Public Comment: Members of the public may address RFB on matters that are within the RFB’s jurisdiction and are not on today’s agenda

There were no members of the public.

Public Comment: None

3. Chair’s Report
Deputy Chief Financial Officer Charles Perl welcomed Member Ungermann.

Follow-up from Prior Meetings:

a) On the stormwater charge, Howard asked whether the revenue from the new stormwater-only customers will be accounted for in the revenue requirement of the 2018 rate study. Charles confirmed that it would be.

b) There was discussion between Jamie and Theresa about restrictions on CCSF’s reserve policies and whether restrictions on a separate reserve would mean that that reserve would not be included in “unappropriated fund balance” for the purposes of the SFPUC’s indenture debt service coverage calculation

c) Financial Policy Review

d) Debt Service Coverage Policy

e) Howard asked how much rates would need to increase to meet the proposed policy. Charles responded that all three enterprises are currently meeting the policy minimums, but that if there were future revenue reductions (such as from a drought), then rate increases would be required.

f) Capital Financing Policy
g) Jamie asked how much future rates would need to increase to meet the proposed policy, specifically with the already-approved large debt funding plans in WSIP and SSIP in mind. Charles again responded that we are currently meeting the minimums.

h) FOLLOWUP NEEDED: Howard asked for information about what our percent of revenue v. debt funding we’ve been at in past capital plans.

i) 10 Year Financial Plan

j) Scott asked for clarification on why wholesale water rates have a forecasted 0% rate increase. Charles explained that it relates to the structure of the wholesale contract and the fact that we over-collected wholesale revenues in the most recent fiscal year.

k) Jamie asked why wastewater has such high rate increases projected in the later years of the plan. Charles explained that it is related to very large increases in debt service due to SSIP, specifically the $2B digester replacement

Public Comment: None

4. Approval of RFB Minutes of September 30, 2017 minutes.
   Member Querubin approved and Chair Cheng seconded the minutes.
   Ayes: Ash, Kao, Nguyen, Querubin and Ungermann
   Member Cheng was excused.

Public Comment: None

5. Announcements, Comments, Questions, and Future Agenda Items
   Member Ash requested the elections moved forward to the next meeting.

6. The meeting adjourned at 3:49 p.m.