San Francisco Public Utilities Rate Fairness Board

Draft Minutes Thursday, May 15, 2014, 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
   Chair Kevin Cheng called the meeting to order at 2:10 p.m.
   Present:  Kevin Cheng, Howard Ash, Anthony Ababon, Patricia Breslin, Mirian Saez, and Risa Sandler

2. Public Comment: Members of the public may address the Rate Fairness Board (RFB) on matters that are within the RFB’s jurisdiction and are not on today’s agenda
   Public Comment: None

3. Chair’s Report
   • Update regarding the FYE15-FYE18 retail water/sewer rates proposal
   • Hetch Hetchy 10-Year Financial Plan and proposal to amend FYE 2015 & FYE 2016 electric rates for municipal customers

   Director of Financial Planning Crispin Hollings summarized Commission comments and actions regarding the FYE15-FYE18 retail water/sewer rates proposal from the April 22, 2014 and May 13, 2014 meetings of the Commission.

   Director of Financial Planning Crispin Hollings presented the 10-Year Financial Plan for Hetchy Power and Senior Analyst for Special Projects Cheryl Taylor presented a proposal to amend FYE 2015 & FYE 2016 electric rates for municipal customers.

   Following deliberations regarding the proposal to amend FYE 2015 and FYE 2016 electric rates for municipal customers, Chair Cheng moved that the board summarize RFB deliberations as follows for presentation to the Commission at their May 27, 2014 meeting:

   • The Rate Fairness Board has neither a recommendation for nor any opposition to the proposed rate increase for municipal customers.

   • The RFB recognizes that there is a significant public benefit that results from low power rates to the General Fund. The RFB also recognizes that this comes at a cost to the SFPUC. As the City budget situation improves, is it fair to continue the current below-cost power rates when the SFPUC cuts capital programs. Is it viable in the long term to provide power at the current discount for General Fund departments?

   • The RFB recommends that the SFPUC develop a process for determining General Fund rates, possibly based on a percent discount from the PG&E rate,
which balances the public benefit with the cost of deferred spending for SFPUC power. This process will necessarily be different from the process to determine power rates for other retail customers.

- The RFB appreciates the candor and transparency of SFPUC staff in bringing the proposed municipal rate increase to the RFB.

Public Comment:
None

On the motion to approve:
Ayes: Cheng, Ash, Ababon, Breslin, Saez, Sandler

4. Approval of RFB Minutes of April 4, 2014
Member Ash proposed that the minutes be approved with one minor edit.

Public Comment:
None

On the motion to approve:
Ayes: Cheng, Ash, Ababon, Breslin, Saez, Sandler

5. Announcements, Comments, Questions, and Future Agenda Items
Director of Financial Planning Crispin Hollings noted that the next meeting of the Rate Fairness Board would likely be scheduled for January, 2015 to discuss the 10-Year Financial Plans for each of the three SFPUC enterprises.

Public Comment:
None

6. The meeting adjourned at 3:25 PM.