

1. The Public Utilities Commission's Failure to Develop a Hetch Hetchy Enterprise Business Plan

The Public Utilities Commission General Manager should:

- 1.1 Make the finalization of a Hetch Hetchy Enterprise business plan an early priority of her administration.
- 1.2 Develop an ongoing Hetch Hetchy Enterprise business planning process which incorporates cost-of-service rate review and performance measurement processes.

The Board of Supervisors should:

- 1.3 Reserve 75 percent of FY 2005-2006 capital project appropriations for the Hetch Hetchy Enterprise until the Department transmits a Hetch Hetchy Enterprise business plan to the Board of Supervisors.

2. Water Resource and Power Generating Risk

The Public Utilities Commission General Manager should:

- 2.1 Establish an effective risk management process that includes leadership by executive-level staff.
- 2.2 Consider the R.W. Beck risk assessment in defining the scope and membership of the risk management committee.
- 2.3 Establish the responsibility of the Risk Management Committee to include evaluating the financial impact of power purchases and sales and power initiatives and presenting the evaluation to the Public Utilities Commission when the Commission is considering policy initiatives.
- 2.4 Re-evaluate the functions of the existing Manager, Streetlights and Special Projects position upon transfer of the Streetlight Management Program to the Department of Public Works, as recommended in Section 7, including evaluating, defining and expanding the risk management functions of this position and specifying how the risk management functions of this position will promote and support the Public Utilities Commission's risk management process. To ensure segregation of risk management functions from the operating decisions of the Public Utilities Commission, this position should be reassigned from the Hetch Hetchy Enterprise Department to the Business Services Division.
- 2.5 Designate one existing executive level manager with authority and expertise in managing water supply and power generation to be responsible for making coordinated operating decisions regarding water supply and power generation.

3. Analytical Software Implementation

The Assistant General Manager, Operations, should:

- 3.1 Assign responsibility for overseeing implementation of the software packages to appropriate senior level managers, including setting firm timelines and deliverables, and reporting back to the Assistant General Manager, Operations on a regular basis.

The Director of Information Technology Services and the Hetch Hetchy Enterprise Director of Power Operations should:

- 3.2 Jointly prepare and enforce timelines for implementing the Hetch Hetchy Enterprise data mart, including regularly reviewing the data mart implementation to ensure that the timelines are met and reporting to the Assistant General Manager, Operations.

4. Maintenance and Materials Management

The Public Utilities Commission General Manager should:

- 4.1 Submit a Project Operations Maintenance Section organizational chart and supporting materials to the Board of Supervisors Finance and Audits Committee following a review of that organization's structure and allocation of positions.

The Acting Director of Water Operations should:

- 4.2 In conjunction with the Superintendent of Operations and the Information Manager, should establish a timeline for development of the Maintenance Management Policies and Procedures Manual, and report on the status of the manual development to the Acting General Manager, Operations, prior to June 30, 2005.
- 4.3 In conjunction with the Superintendent of Operations and the Information Manager, should establish a timeline for development of the Materials Management Policies and Procedures Manual, and report on the status of the manual development to the Acting General Manager, Operations, prior to June 30, 2005.
- 4.4 Ensure that the Project Operations Maintenance Section incorporates automated planning and scheduling processes into its everyday maintenance activities, including forming a Planning and Scheduling Group with the talent and management support required to accomplish the job.
- 4.5 Ensure that the Project Operations Maintenance Section initiates maintenance reporting on a continuing, periodic basis. The *Management by Objectives Report* produced by the Water Pollution Control Division is a useful model.
- 4.6 Use MAXIMO reports when deciding on resource allocations.

- 4.7 Ensure that all tools and equipment are inventoried annually.
- 4.8 Ensure that the items in the storage yard adjacent to the shops area are brought under inventory control or disposed of.
- 4.9 Review the Project Operations Maintenance Section's organizational structure in order to improve its economy and efficiency.

5. Hetch Hetchy Enterprise Personnel and Administration

The Acting Director of Water Operations should:

- 5.1 Establish a timeline to develop an Administrative Policies and Procedures Manual for Moccasin to include all current Department and Division policies and procedures, and report to the Assistant General Manager, Operations, on the status of the Administrative Policies and Procedures Manual prior to June 30, 2005.

The Acting Director of Water Operations and the Acting Director of Power Operations should:

- 5.2 Require all Hetch Hetchy Enterprise managers and supervisors to complete performance evaluations for all staff annually.
- 5.3 Include completion of staff performance evaluations annually as a goal and objective in the Hetch Hetchy Enterprise managers' and supervisors' performance evaluations.
- 5.4 Establish procedures for and monitor compliance with the Department's Entrance and Exit Policy, including ensuring the correct use of forms and forwarding the forms to the Human Resource Service Bureau when required, and ensure full compliance with the Employer Pull Notice Program.

6. Billing and Collection of Electricity Accounts

The Public Utilities Commission should:

- 6.1 Establish penalty fees for retail electricity customer accounts that are 30 days or more past due.

The Director of Customer Services in coordination with the Hetch Hetchy Retail Services Manager should:

- 6.2 Develop written policies and procedures for collecting retail electricity customer accounts, including procedures for terminating electricity service to retail electricity accounts that are 90 days past due.

- 6.3 Routinely provide aged account receivables reports to the Hetch Hetchy Enterprise Retail Services Manager.

The Hetch Hetchy Enterprise and the Port should:

- 6.4 Develop joint protocols to ensure timely collection of Port electricity customer accounts, including written procedures for terminating electricity service to retail electricity accounts that are 90 days past due.

7. Streetlight Management

The Public Utilities Commission General Manager should:

- 7.1 Authorize staff to negotiate with the Department of Public Works over the specific Streetlight Management Program resources to be transferred from the Public Utilities Commission to the Department of Public Works to ensure that the program is adequately resourced.
- 7.2 Promote leveraging of alternative funds for streetlights while continuing Hetch Hetchy Enterprise funding of streetlights to ensure that there is no impact on the General Fund.
- 7.3 Negotiate a memorandum of understanding between the Public Utilities Commission and the Department of Public Works. In order to contain the cost of Hetch Hetchy Enterprise Fund revenue transfers, this memorandum of understanding should cap the Hetch Hetchy Enterprise's funding for the Streetlight Management Program by setting (a) a dollar amount per streetlight with an inflation adjustment formula for future years, and (b) energy efficiency goals.

8. The Power Policy Division's Output

The Public Utilities Commission General Manager should:

- 8.1 Ensure that the Power Policy Division's work program sets goals for new energy efficiency and alternative energy initiatives in terms of public policy, return on capital investment, and recovery of development costs funded by the Hetch Hetchy Enterprise Fund.
- 8.2 Ensure that all cost benefit analyses for new energy efficiency and alternative energy initiatives fully take into account foregone revenues for the Hetch Hetchy Enterprise and realistic operational capacity projections.
- 8.3 Include in the Power Policy, Water Operations, and Power Operations Divisions' work programs a comprehensive energy efficiency project for the Hetch Hetchy water supply and power generation system.

- 8.4 Develop a process, in collaboration with the Department of Environment, to evaluate, update, and revise the goals of the *Electricity Resource Plan*.
- 8.5 Submit each year to the Board of Supervisors, in collaboration with the Department of Environment, a joint annual report on progress against the annually updated and revised *The Electricity Resource Plan*.

The Board of Supervisors should:

- 8.6 If negotiations to obtain control of a site for a new power plant are not successfully concluded by January 31, 2005, require the General Managers of the Public Utilities Commission, the Port, and MUNI, with appropriate support from the Real Estate Division of the Department of Administrative Services, the City Planning Department, the Department of Environment, the Department of Public Health, and the City Attorney's Office, to (a) submit a bi-weekly report to the Board of Supervisors and the Mayor on the status of the site negotiations until a site is successfully secured, and (b) attend a public hearing before a Board of Supervisors committee to outline the interagency activities which are taking place to secure a site.
- 8.7 Require the Public Utilities Commission General Manager to (a) submit a monthly report to the Board of Supervisors on progress against all of the San Francisco Electric Reliability Project's other project milestones, and (b) attend periodic public hearings before a Board of Supervisors committee to report on progress.

9. The Power Policy Division's Organizational Structure

The Public Utilities Commission General Manager should:

- 9.1 Incorporate into the position descriptions and performance evaluations for the Assistant General Manager, External Relations and the Assistant General Manager, Operations a requirement to work closely with each other to manage the policy/operations split between the Power Policy Division and the Water Operations and Power Operations Divisions.
- 9.2 Eliminate the 1.00 FTE Classification 5643 Manager, Resource Planning and Administration position.