

WATER HETCH HETCHY WATER & POWER CLEAN WATER

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December 20, 2004

Mr. Harvey Rose Board of Supervisors Budget Analyst Office 1390 Market Street Suite 1025 San Francisco, CA 94102

Dear Mr. Rose,

This is the San Francisco Public Utilities Commission's (SFPUC) response to your management audit of the Hetch Hetchy Enterprise concluded in December 2004. My staff and I have reviewed the Budget Analyst's recommendations. We have summarized our responses and have provided more specific responses on the pages that follow.

As you know, I am currently reorganizing the department and putting new management initiatives in place. I appreciate your assistance with this process.

Thank you for your analysis and recommendations. As we continue to reorganize, I expect that this and subsequent reports will provide useful guidance to the SFPUC.

Sincerely,

Susan Leal General Manager