[PG&E Master Agreement]

APPROVING TWO LETTER AGREEMENTS BETWEEN PACIFIC GAS AND ELECTRIC
COMPANY (PG&E) AND THE CITY; CONFIRMING THAT THE MASTER AGREEMENT
BETWEEN THE CITY AND PG&E APPROVED BY THIS BOARD ON JULY 28, 1997
(MASTER AGREEMENT) AUTHORIZES THE SAN FRANCISCO PUBLIC UTILITIES
COMMISSION (PUC), THE DEPARTMENT OF TELECOMMUNICATIONS AND
INFORMATION SERVICES (DTIS), AND THE DEPARTMENT OF REAL ESTATE (DRE) TO
NEGOTIATE AND EXECUTE LETTER AGREEMENTS WITH PG&E TO ESTABLISH
OPERATING RULES AND PROCEDURES TO IMPLEMENT THE MASTER AGREEMENT;
AND CONFIRMING THAT THE PUC, DTIS, AND DRE MAY ALSO ENTER LICENSE
AGreements AND GRANT EXTENSIONS OF TIME TO IMPLEMENT THE MASTER
AGREEMENT.

WHEREAS, This Board approved a Master Agreement between the City of San
Francisco (City) and Pacific Gas and Electric Company (PG&E) on July 28, 1997, which
settled a number of outstanding disputes between the parties (Master Agreement); and

WHEREAS, Section 4.a. of the Master Agreement provides: “PG&E and the City shall
cooperate in the implementation of this Master Agreement and shall, wherever appropriate,
provide such assistance and cooperation as reasonably may be necessary to secure the
benefits and bargains of this Master Agreement and to effectuate its terms”; and

WHEREAS, Section 4.j. of the Master Agreement provides: “The Parties shall agree
upon and put into effect, from time to time as deemed necessary by the Parties, such rules
and procedures as may be required in order to establish the methods and operations to be
followed in the performance of this Master Agreement”; and

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WHEREAS, The San Francisco Public Utilities Commission (PUC), the Department of Telecommunications and Information Services (DTIS), and the Department of Real Estate (DRE) are each charged with implementing various portions of the Master Agreement; and

WHEREAS, It is critical for the PUC, DTIS, and DRE to be able to act in a timely and pro-active manner to implement the technical details of the Master Agreement; and

WHEREAS, The PUC and DTIS have found it necessary, from time to time, to adopt operating rules and procedures of a primarily technical nature to govern the implementation of the Master Agreement; and

WHEREAS, The PUC, DTIS, and DRE seek confirmation from this Board that they have the authority under the Master Agreement to adopt such operating rules and procedures to implement the Master Agreement and obtain the full value of the benefits due the City under the Master Agreement; and

WHEREAS, The PUC, DTIS and DRE also seek clarification that they have the authority to grant reasonable extensions of time, such as those contemplated under Section 1.c.i.b. of the Master Agreement, which are necessary for the City to realize the benefits of the Master Agreement; and

WHEREAS, The PUC, DTIS and DRE also seek clarification that they have the authority to enter into revocable license agreements to implement the Master Agreement; and

WHEREAS, Appendix F of the Master Agreement adopts a method of valuing energy delivered to Assigned Customers called the “ECAC-proxy” and provides that a “substitute ECAC-proxy” may be adopted if necessary to preserve the benefits of the Agreement; and

WHEREAS, this mechanism has proven difficult to implement due to changes resulting from the restructuring of the electric industry in California; and

WHEREAS, Consistent with Sections 4.a. and 4.j. and Appendix F of the Master Agreement, the PUC has entered into a letter agreement with PG&E to adopt a substitute

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"ECAC-proxy" consistent with Appendix F of the Master Agreement (ECAC-Proxy Letter) which is available in Board of Supervisors File No. 990783; and

WHEREAS, the ECAC-Proxy Letter is in the public interest because it allows the City to receive the value bargained for in the Master Agreement despite intervening changes in the electric industry; and

WHEREAS, Consistent with Sections 4.a. and 4.j. of the Master Agreement, DTIS has entered into a letter agreement with PG&E to establish operating rules and procedures for the City’s installation of fiber optic facilities into PG&E conduit pursuant to Appendix J of the Master Agreement (Conduit Rules and Procedures Letter) which is available in Board of Supervisors File No. 990783; and

WHEREAS, The Conduit Rules and Procedures Letter is in the public interest because, among other things, it establishes time frames by which PG&E must provide technical information and cost estimates to DTIS so that DTIS can schedule installation of fiber optic facilities in PG&E conduit according to the requirements of City projects; now, therefore, be it

RESOLVED, That, consistent with Sections 4.a. and 4.j. of the Master Agreement, the PUC properly entered into the ECAC-Proxy Letter and DTIS properly entered into the Conduit Rules and Procedures Letter; and be it

FURTHER RESOLVED, That the ECAC-Proxy Letter and the Conduit Rules and Procedures Letter are therefore approved by this Board; and be it

FURTHER RESOLVED, That Sections 4.a. and 4.j. of the Master Agreement authorize the PUC, DTIS, and DRE to enter into letter agreements with PG&E to establish operating rules and procedures that are consistent with the intent of the Master Agreement in order to implement its provisions; and be it

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FURTHER RESOLVED, That Sections 4.a. and 4.j. of the Master Agreement authorize
the PUC, DTIS, and DRE to grant reasonable extensions of time that are consistent with the
intent of the Master Agreement in order to implement its provisions; and be it

FURTHER RESOLVED, That Sections 4.a. and 4.j. of the Master Agreement
authorize the PUC, DTIS, and DRE to enter into revocable license agreements that are
consistent with the intent of the Master Agreement in order to implement its provisions.
Resolution approving two letter agreements between Pacific Gas and Electric Company (PG&E) and the City; confirming that the Master Agreement between the City and PG&E approved by this Board on July 28, 1997 (Master Agreement) authorizes the San Francisco Public Utilities Commission (PUC), the Department of Telecommunications and Information Services (DTIS), and the Department of Real Estate (DRE) to negotiate and execute letter agreements with PG&E to establish operating rules and procedures to implement the Master Agreement; and confirming that the PUC, DTIS, and DRE may also enter license agreements and grant extensions of time to implement the Master Agreement.

May 22, 2000  Board of Supervisors — ADOPTED

   Ayes: 10 - Ammiano, Becerril, Bierman, Brown, Katz, Kaufman, Leno, Teng, Yaki, Yee
   Absent: 1 - Newsom
I hereby certify that the foregoing Resolution was ADOPTED on May 22, 2000 by the Board of Supervisors of the City and County of San Francisco.

Gloria L. Young
Clerk of the Board

JUN - 2 2000
Date Approved

Mayor Willie L. Brown Jr.