[Affirming City Support to Acquire PG&E Assets Contingent on Key Conditions and Priorities]

Resolution affirming the City’s continued good faith efforts to acquire the PG&E assets necessary to provide clean, green, and affordable electric power delivery and service in San Francisco, contingent on key conditions and priorities.

WHEREAS, The City and County of San Francisco has sought to provide electric service to all of San Francisco since at least 1913 and has provided electric service to City facilities since 1918; and

WHEREAS, In a letter dated January 14, 2019, Mayor Breed asked the San Francisco Public Utilities Commission to prepare an analysis of the options for ensuring safe and reliable electric service within the City, including the possibility of acquiring the PG&E electric distribution and transmission infrastructure assets that serve the City (PG&E Assets); and

WHEREAS, On April 9, 2019, the Board of Supervisors adopted Resolution No. 174-19 determining that the public interest and necessity required changing the electric service provided in the City and requesting the SFPUC to prepare a report on options for improving electric service in the City through acquisition, construction, or completion of public utilities pursuant to Charter, Section 16.101; and

WHEREAS, On May 13, 2019, the SFPUC submitted a report to Mayor Breed and the Board of Supervisors (SFPUC Report) analyzing three options for power independence, including (1) continued reliance on PG&E for electricity distribution service; (2) targeted investments in electric grid infrastructure to lessen the City's reliance on PG&E; and (3) full power independence through acquisition of the PG&E Assets; and

WHEREAS, The SFPUC Report concluded that acquisition of the PG&E Assets is the only option that would allow the City to meet its goals for affordable, safe, and reliable service;
protection of the environment and climate goals; transparency and public accountability;
workforce development; and equity; and

WHEREAS, The City has engaged a number of expert consultants to assist it with
analyzing the acquisition of the PG&E Assets, including in the areas of utility asset valuation,
finance, utility rates, labor, engineering, and operations; and

WHEREAS, On September 6, 2019, the City and County of San Francisco submitted to
PG&E a non-binding indication of interest (IOI), to acquire the PG&E Assets for $2.5 billion in
connection with the PG&E bankruptcy cases; and

WHEREAS, This $2.5 billion would compensate PG&E for the value of its assets and
provide funds that could be used to benefit ratepayers or pay fire victims; and

WHEREAS, The asset purchase would be financed using revenue bonds approved by
the San Francisco Public Utilities Commission (SFPUC) and the Board of Supervisors under
Charter, Section 8B.124, and repaid from the revenue collected by providing electric service
throughout San Francisco; and

WHEREAS, On January 14, 2020, the Board of Supervisors adopted Resolution 30-20,
conditionally approving the issuance of up to $3,065,395,000 of Power Enterprise Revenue
Bonds to acquire certain Pacific Gas and Electric Company electric distribution and
transmission assets to provide affordable, safe, and reliable electric service throughout the
City, subject to the future satisfaction of six specified conditions, including additional approvals
by this Commission and the Board of Supervisors; and

WHEREAS, Funding a PG&E assets acquisition through revenue bonds allows the City
to avoid drawing from its General Fund; and

WHEREAS, On January 14, 2020, the SFPUC conditionally approved issuing these
revenue bonds, through its Resolution No. 20-0011, subject to the same conditions adopted
by the Board of Supervisors; and
WHEREAS, The City has consistently indicated that its pursuit of acquiring PG&E’s electric assets and any final approval of said acquisition would necessarily be predicated on the City’s ability to ensure that the following key priorities could be satisfied:

1) Financial Stability. City leaders will need to ensure that the City can afford to purchase the electric assets, including financing the purchase price, transition costs, maintenance and replacements over time, and financial reserves. This determination will require confidence that the revenues will be more than adequate to cover these costs while charging reasonable rates.

2) Support for Utility Workforces. San Francisco is committed to treating its employees, those it can recruit from PG&E, and those who remain with PG&E fairly. The City expects to recruit a talented workforce as part of this acquisition, by offering stable careers with competitive pay and benefits, into its community-based and safety-based workplace culture. The City has a long history of working productively with its unionized workforce and will work in good faith to transition to City employment current PG&E unionized employees who choose to make the transition.

3) Community and Worker Safety. The City is committed to providing safe and reliable utility service and safe working conditions that protect employees and the public.

4) Climate Change Prevention and Mitigation. The SFPUC already supplies over 70% of the electricity in San Francisco through its Hetchy Power and CleanPowerSF programs, which both provide cleaner energy than PG&E at lower rates. Acquiring PG&E’s delivery assets would accelerate the City’s ability to meet its ambitious decarbonization and climate resiliency goals.
5) Affordability and Equity. Providing electric service that is more affordable for customers, especially those in lower income and disadvantaged communities, and better incorporates local needs is of utmost importance to the City. The SFPUC is an industry leader in providing community benefits and prioritizing equity, inclusion, and environmental justice in its programs. In addition, the City’s analysis indicates that its acquisition would not significantly impact PG&E customers outside of San Francisco, because San Francisco is a small part of PG&E’s service area, in terms of both size and revenue.

6) Operational Excellence. Local control of the electric grid would allow San Francisco to invest in its infrastructure and provide high-quality programs and services in a way that prioritizes community involvement and engagement, with improved accountability from a locally-elected Board of Supervisors and Mayor. The SFPUC already provides electric transmission and distribution service, and is working to identify and prepare for the increases in staff and service offerings that would be necessary to provide service throughout San Francisco.

7) Improved Service to City Departments. The City started providing electric distribution service to key facilities in 1918 and gradually increased that service, while depending on PG&E to provide essential parts of the service. In recent years, PG&E has obstructed service to City facilities by delaying connections and requiring unnecessary, expensive facilities. The SFPUC will be able to provide more responsive, efficient service that supports essential functions of the City; and

WHEREAS, The City and County of San Francisco continues to move forward with preparations to ensure that these priorities can and will be implemented successfully, bolstered on the Public Utility Commission’s long track record of safe and affordable water and power delivery; now, therefore, be it
RESOLVED, That the Board of Supervisors of the City and County of San Francisco affirms its support for the City’s continued good faith efforts to acquire the PG&E assets necessary to provide clean, green and affordable electric power delivery and service in San Francisco; and, be it

FURTHER RESOLVED, That the Board of Supervisors of the City and County of San Francisco affirms its commitment to the key priorities and conditions identified in this subject Resolution and prior policy resolutions; and, be it

FURTHER RESOLVED, That the Board of Supervisors of the City and County of San Francisco directs the Clerk of the Board to transmit this Resolution to our State Legislative Delegation and the Governor's Office upon final adoption.
Resolution affirming the City’s continued good faith efforts to acquire the PG&E assets necessary to provide clean, green, and affordable electric power delivery and service in San Francisco, contingent on key conditions and priorities.

March 09, 2020 Land Use and Transportation Committee - RECOMMENDED AS COMMITTEE REPORT

March 10, 2020 Board of Supervisors - ADOPTED

Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 3/10/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board