San Francisco Public Utilities Commission
Citizens’ Advisory Committee

Meeting Minutes DRAFT

Tuesday, March 19, 2013
5:30 p.m. – 7:00 p.m.
525 Golden Gate Ave., 2nd Floor O’Shaughnessy Conference Room

Members:
Richard Hansen (D1) Walt Farrell (D7) Avni Jamdar (M-Env. Group)
Vacant (D2) Javieree PruittHill (D8) Art Jensen (M-Reg’l Water Customers)
Doug Cain (D3) Dario Romero (D9) Stephen Bjorgan (M-Eng./Financial)
David Pilpel (D4) Terrance Jones, Chair (D10) Vacant (M-Lg Water User)
Vacant (D5) Jennifer Clary (D11) Ted Ko (B-S. Business)
Nella Manuel (D6)

M = Mayoral appointment, B = Board President Appointment

Staff Liaison: Teresa Young

ORDER OF BUSINESS

1. The meeting was called to order at 5:41 p.m. by Vice Chair Stephen Bjorgan.
   Present: S.Bjorgan; J.Clary; D.Cain; W.Farrell; T.Ko; A.Lantsberg; R.Hansen;
   A.Jamdar; A.Jensen; D.Pilpel; J.PruittHill;
   Absent: T.Jones (E); D.Romero; N.Manuel;
   SFPUC Staff Present: B.Hale; H.Pohl; T.Young;
   Members of the public: Brian Canyon

2. Presentation and Discussion: CleanPowerSF Update, Barbara Hale, Assistant
   General Manager, Power Enterprise
   Discussion and Q&A:
   J.Clary: Can you give us the bill increase in percentages?
   B.Hale: It will be about 30% more on your overall bill and about 50% more on
   your electric portion. People typically use more electricity in the winter than
   summer due to the heating. 42% said they’d probably or definitely opt out
   knowing the bill increase.
   T.Ko: Is the percentage premium is it still the same percentage difference or is
   it the absolute difference?
   B.Hale: Ot is in the even higher percentage.
   A.Jamdar: $10 is a lot to someone on a fixed income.
   J.Clary: Is it 50% increase across all tiers?
   B.Hale: The 30% is for tiers 1 and 2.
   A.Lantsberg: Do you have a breakeven number or minimum up-take for this
   program to work?
   B.Hale: The Commission is comfortable if the program is sized between 20 and
   30 megawatts (MW). We would be committing to purchase 30MW. We want to
   make sure we have 90,000 accounts to purchase from us all 30MW.
   A.Lantsberg: That is roughly 270,000 households in San Francisco, correct?
   B.Hale: That is 270,000 residential non-care accounts.
   A.Jamdar: What we see in the water business is that when people use less,
   they pay less. Does that carry over here on the power side and would it sustain
   the program?
   B.Hale: That’s something we’ll actually see in the market, which is why we’re
   sizing the program smaller initially. If we have a reduction in consumption, then
we can take on new accounts to use up the full 30MW, that's one of our mitigating factors to address that.

D.Cain: Is there feasibility to the alternative rate?

B.Hale: We're looking at a 100% renewable program. In order to have 100% renewable supply, some of those products are actual kilowatts (KW) generated from wind farms (the most expensive product), renewable energy credits (RECs), a mix of premium and RECs products can influence what your ultimate costs are.

D.Cain: Why is that strategy not going to your "low end" services?

B.Hale: State law says you can't have it be all renewable energy. You have to have at minimum 33% renewable energy products that have to be renewable. That mix can be made up of RECs and other products, but you're limited to the amount of renewable energy products you can purchase. There is discretion about how much RECs are bundled and how much actual renewable energy products, which should be about 66%.

A.Jamdar: What about local generation?

B.Hale: It depends on what we invest in. One area is leveraging our dollars with other dollars for energy efficiency programs provide incentives for people to do more. That could be a fairly low cost alternative. Putting solar panels on roofs tends to be a higher cost. It really depends on what is being purchased.

A.Lantsberg: Since this is so sensitive to price, are you taking into account of rate increases that PG&E will do?

B.Hale: We definitely considered the last rate increase that occurred in January. The premium price does not consider the price PG&E announced they expect to make in May. There will be another increase in PG&E that could influence the premium pricing on the electric part of the bill. It depends on if the rate increases are in the generation component of the bill, we took a snapshot on projecting what the cost of energy would be. Those are the prices we're using. There have been changes. Once we finalize the deal with Shell, our proposed supplier, is when we'll be able to lock in a price and know what the rate will be.

D.Pilpel: The Rate Fairness Board (RFB) met last Friday and didn't recommend setting a rate. The Commission is acting next week to set not-to-exceed rates.

B.Hale: Next Monday the Commission will have a joint meeting with LAFCO and that would be an opportunity further discussion on that.

D.Pilpel: We should encourage the staff to not just set rates, but to set some evaluate metrics or parameters now for three or six months from the beginning of the program, so that we can sense if it makes financial sense.

J.Clary: What evaluation metrics are you talking about?

D.Pilpel: there seems that there could be some program modifications when the program works itself out.

R.Hansen: I understand D.Pilpel’s question. I think the answer is all hypothetical. There is no build out cost. It’s being done on paper. This is PG&E looking at the people opting in and just processing the bills.

B.Hale: actually, they will get the bill from PG&E, because that's how the state law says it will happen. PG&E will include “our math” and include it in the customer’s bill. PG&E will collect the money and give a portion of the money to the City.

R.Hansen: What is included in the rate?

B.Hale: Administrative costs in the rates. Envisions building up over 17 people processing, the programming for EE, monitoring the supplier, making sure we’re operating the program consistent with state law and CPUC regulation, performing professional services and evaluations of construction and efficiency.

R.Hansen: If a customer says they want to opt out, does it take a long time to do so?

B.Hale: A customer can opt out when they want, they just tell us and we notify PG&E that the customer is returning to PG&E. PG&E under state law can charge the customer a different rate to receive them back, instead of subsidizing by charging the other customers. Right now, the power costs are lower in the marketplace than what PG&E committed to, so it is unlikely that they would charge customers more to come back.

T.Ko: I just got an email from some advocacy group worried about this meeting on Monday and whether things are going to roll out without a local build out
and local jobs. Is Monday’s meeting the most appropriate place for groups to comment?

B. Hale: Yes. This is the first opportunity for the commission to set rates, particularly the Not to exceed rates. The ultimate cost to customers could be lower than that rate, but the local build component for us, we’ve been careful as staff, to describe an interest and make recommendations about including study work as part of the local work. Not committing or defining projects, because no CEQA work has been done yet. As long as we don’t tie the program to a specific construction plan, we can continue to plan.

T. Ko: You can define that without committing to specific projects.

B. Hale: We’ll continue to talk about what we’d like to do – energy efficiency, local tariffs, local construction that we own and build or propose and get bids for those sorts of elements we like to describe in a vision. We’ve been caution not to develop an actionable plan absent of CEQA.

A. Jensen: The appeal of the CCA is the local build out. It seems to me having a well-defined build out would serve you well.

B. Hale: We intend to have a well-defined build out after we launch the program. Can we get more descriptive in advance of a Commission vote? Probably without reaching the CEQA concern.

J. Clary: You can develop a plan and begin CEQA without having CleanPowerSF, correct? Does it need a cash-flow in order to do CEQA? What is the reason that you can’t do a plan now versus in January?

B. Hale: The concern is largely when the program we presented to the Commission and the Board of Supervisors (BOS) authorized, the CEQA reservation language was included. It says we are purchasing 30MW of power from Shell and develop a long-term local build plan. The purchase of power does not require CEQA review. The city attorneys caution us that if we are going to adopt rates to set a budget for projects.

J. Clary: If you develop the entire program now, we are subject to CEQA.

A. Lantsberg: I recall that some of the challenges on the local build out side were craft rules. It does the work but it ended up being an issue in the administrative code in regards to wages. What is the city doing to work that out? Is there going to be a proposed charter amendment?

B. Hale: where I saw elements of what you’re describing are the construction of the solar project at sunset reservoir, where we had laborers on the job site, electricians filing a protest within their union rules before the state that the work being performed needed to be performed at an electricians rate and by electricians. We have some tools, not confidently it will be a 100% solution.

Public comment: none.

3. Presentation and Discussion: Automated Water Meter Program, Heather Pohl, Project Manager

Discussion and Q&A:

R. Hansen: Is everything done from the street without getting out of the car?

H. Pohl: Yes, for a drive by.

R. Hansen: How much will it reduce your operating cost?

H. Pohl: I have some of the numbers in the upcoming slides.

S. Bjorgan: How is that powered?

H. Pohl: It is powered by battery. As long as you’re operating on that frequency, the battery should last 20 years. It has a 20 year warranty.

W. Farrell: Where is the transmitter located?

H. Pohl: It is on the meters underneath the pit on under the street.

A. Jensen: There used to be a lot of meters in basements. Are those replaced in the basement or streets?

H. Pohl: They are replaced and it lowers operating costs and they have better accuracy, we just started a large portion of that this week.

J. Clary: You’re financing most of this through a 20 year debt, correct?

H. Pohl: That information is on the title of slide 8 – 20 year debt service.

J. Clary: Since you’re gaining more revenue relief than you are paying out, are you going to banking some of that so you don’t have to finance the replacement through debt?

H. Pohl: Todd Rydstrom, AGM of Business Services, will need to answer that question.
A. Jensen: There are a number of programs related to monetary savings. Is the SFPUC going to collect that info and use that to do some comparisons?
H. Pohl: I think absolutely.
D. Pilpel: We talked a few years ago about the poll box covers that were being replaced as part of this program. Moving forward, we may do some follow up at the Water Subcommittee about the monthly bill roll-out. Is that change already approved?
H. Pohl: I think so, that should be directed to Marge Vizcarra, Director of Customer Services.
D. Pilpel: Maybe we should hear what options people have in seeing their usage and do tests to get feedback.
H. Pohl: Sure. That’s also a question for Marge to respond to.
R. Hansen: Are you billing schools, City Hall, low income communities, etc.?
H. Pohl: Yes.
Public comment: none.

4. Approval of the January 15, 2013 and February 19, 2013 meeting minutes
A. Jensen moved; D. Cain seconded. Minutes approved by acclamation with D. Pilpel’s written edits.

5. Public Comment: none

6. Staff Update: T. Young
   There was a World Water Day press event on March 22 at Jefferson Square Park.

7. Report from the Chair (Stephen Bjorgan, Vice Chair): none

8. Subcommittee Chair Reports:
   a. Power Subcommittee (Doug Cain)
      At the last meeting, we had a budget presentation with Barbara Hale and Frances Lee.
   b. Water Subcommittee (David Pilpel)
      We did not meet last night due to an injury I had. We will try to reschedule that meeting. In February we had a presentation from the Water Quality division about Contaminants of Emerging Concern (CEC). The Water Quality team will come back in May to provide updates.
   c. Wastewater Subcommittee (Javeree Pruitt-Hill)
      I don’t have anything to report. I want to point out that there is a memo from Kay Fernandez Smith regarding the follow up questions and work going on in the Southeast Community Facility (SECF).
   d. Environmental Justice & Community Benefits (Alex Lantsberg)
      We discussed Community Benefits at the last Full CAC and have a date now. It will be April 19 (Thursday) and we looking to confirm the location, either Southeast Treatment Plant (SEP), SECF or the Bayview Opera House. I am looking to confirm with the potential members, including 4 or 5 CAC members. The first agenda will provide Kay Fernandez-Smith another opportunity to present about the facts and figures of the program.

9. Future Agenda Items
   D. Pilpel: SFPUC archives and history from Mike Housh
   R. Hansen: Delta pipe issue

10. Announcements/Comments – The next regularly scheduled meeting for the Full CAC will take place on Tuesday, April 16, 2013.
    A. Jensen: I am retiring from BAWSCA in September.
    D. Pilpel: In regards to the resolution that was passed at the last Full CAC meeting, has someone circulated that to staff and the BOS?
    D. Cain: I will do a cover letter and send that around.
    D. Pilpel: Please include a request for staff response in the cover letter.
    R. Hansen: I’d like to request a wall clock in this conference room.

11. Adjournment at 6:53 p.m. W. Farrell moved; R. Hansen seconded.