



LOCAL AGENCY FORMATION COMMISSION CITY AND COUNTY OF SAN FRANCISCO MINUTES

City Hall, Legislative Chamber, Room 250
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

Special Joint Meeting with the San Francisco Public Utilities Commission March 25, 2013 – 2:00 PM

1. Call to Order

Chairperson Avalos called the joint meeting to order at 2:07 p.m.

2. Roll Call

Present: Chairperson John Avalos, Vice-Chair David Campos, Commissioners London Breed, Eric Mar (arrived at 2:12 p.m.), and Leah Pimentel.

Absent: Commissioner Hope Schmeltzer.

There was a quorum.

3. Opening Remarks and discussion of expectations for the joint meeting.

Chairperson Avalos provided opening remarks and discussed meeting expectations.

4. Public Comment.

There were none.

5. Discussion regarding the status of the Memorandum of Understanding, dated April 17, 2009, between the San Francisco Public Utilities Commission and the Local Agency Formation Commission.

Item no. 5 was called after item nos. 6, 7, and 8.

Barbara Hale, Assistant General Manager, Power - SF PUC, stated that the joint MOU has expired and a renewal is due. She indicated that an action item to extend the MOU would be presented at the April 9th SFPUC Commission Meeting. Nancy Miller, Interim Executive Officer, LAFCo, stated there was no budget impact to the amendment.

6. Presentation of the CleanPowerSF Survey Results. (Barbara Hale, SFPUC) [attachment]

Item nos. 6, 7, and 8, were heard together.

Barbara Hale, Assistant General Manager, Power - SF PUC, introduced the item and Mr. Dave Metz, partner, Faiban, Maslin, Maullin, Metz and Associates, who conducted the customer survey. Mr. Metz discussed the research methodology, noting that 2,708 random ratepayers in San Francisco participated. He offered cautions for year-to-year comparisons, noting that current data may not be directly compared to prior year's polls. Mr. Metz proceeded through the presentation and discussed the questions asked to participants, including: their familiarity with the program; their willingness to pay for the program at various tiers; the likelihood of opting-out of the SFPUC program in favor of the PG&E Program; and questions regarding a local build-out.

Mr. Metz provided a brief analysis of participants' responses.

Discussion ensued on the various tier options, the effects on the economy and on jobs with a local build-out component.

Ms. Hale proceeded with the presentation and discussion ensued on follow-up questions posted at the March 12, 2013 meeting: (1) the 30MW CleanPowerSF load; (2) a new 2013 precinct "heat map"; (3) information on integrating GoSolarSF incentives for CleanPowerSF customers; and (4) key levers for costs and resulting rate impacts.

Nancy Miller, Interim Executive Officer LAFCo, and Jason Fried, Senior Program Officer, LAFCo, presented information concerning the matter and answered questions raised throughout the hearing.

Discussion continued regarding intent and expectations for the local build-out, with several members expressed their desire for a robust local build-out plan.

SF PUC Commissioner Vietor requested that staff put together an outline/plan for the local build-out, including financing, jobs, and greenhouse gas reduction numbers.

Discussion continued on the build-out. SF PUC Commissioner Courtney questioned the funding allocation for GoSolarSF and SF PUC Commissioner Moran requested that staff pursue avenues to ensure that GoSolarSF funds are allocated to CCA customers exclusively.

7. Presentation on schedules of Not-to-Exceed rates and charges of the San Francisco Public Utilities Commission Power Enterprise for Phase One of the CleanPowerSF Community Choice Aggregation Program for renewable power procurement for participating electric customers within San Francisco.

Mr. Crispin Hollings, SF PUC Director of Financial Planning, provided a presentation on proposed Not-to-Exceed rates for CleanPowerSF, discussing the proposed Tier 1 rate premium of \$10.24. He continued with discussion of the proposed rates and charges, followed by CleanPowerSF Cost of Service for the first five years of the program,

specifically noting procurement costs, rate stabilization reserve, and recovery of start-up cost reserves. Mr. Hollings proceeded to discuss the Not-to-Exceed rates for residential customers and then presented figures for a customer bill premium at various tiers, and offered a PG&E and CleanPowerSF bill comparison at Tier 1. Mr. Hollings concluded his presentation by discussing CleanPowerSF tariffs, focusing on residential services. Brief discussion ensued regarding bonding capacity, given the proposed Not-to-Exceed rates, and how the proposed rates were determined. Ms. Hale stated that staff would be seeking Commission guidance on the rates, structure and bonding capacity. SF PUC President Torres stated that consideration of the rates should be deferred to the April 23rd meeting to ensure the Commission has adequate time to review various scenarios, rate choices and other information.

Nancy Miller, Interim Executive Officer LAFCo, and Jason Fried, Senior Program Officer, LAFCo, presented information concerning the matter and answered questions raised throughout the hearing.

Mr. Hollings responded to Commissioner Breed's question on PG&E exit fees and surcharges assessed to customers leaving the PG&E program. Mr. Hollings noted there will be no opt-out fee for residential customers who decide to leave the CleanPowerSF program, regardless of when they depart, but noted that commercial customers will be charged a \$25 fee if they depart the program after six months.

8. Presentation and discussion of a Rate Fairness Board Report on proposed CleanPowerSF Not-to-Exceed Rates and charges.

Mr. Kevin Cheng, Chair, Rate Fairness Board (RFB), provided a brief history of the RFB, noting that the Board has met nine times since January 2012 to consider CleanPowerSF, with six of those meetings focused on Not-to-Exceed rates. He discussed the Board's observations, stating that the proposed Phase I rates are technical fair and are designed to succeed financially. He noted that ultimately, the decision to proceed with Phase I is a policy choice, and that the RFB has confidence in SFPUC staff. He stated concerns and issues that were raised by the RFB and offered RFB recommendations. Discussion ensued on the RFB's thoughts on the rates.

Nancy Miller, Interim Executive Officer LAFCo, and Jason Fried, Senior Program Officer, LAFCo, presented information concerning the matter and answered questions raised throughout the hearing.

Public Comments

- Al Weinrub, Local Clean Energy Alliance, offered his thoughts on the launch of the Program and the customer base. He expressed desire for a build-out plan.
- Evan Wynns, San Francisco Energy Co-operative, stated his desire for green energy and urges that the plan be put into effect as soon as possible.
- Ivy Schlegel, Greenpeace USA, supports affordable, clean, and renewable energy and discussed similar programs offered throughout the country.
- Sue Vaughn, Sierra Club, expressed her desire that the program move forward with a robust local build-out with affordable, competitive rates and job creation.

- David McCoard, Sierra Club, supports affordable rates and local-build out with job creation. He encouraged the issuance of bonds upon launch.
- Ben Pittenger supports the CleanPowerSF Program and urges a quick, robust build-out with affordable rates and expressed support for the fee and tariffs.
- Marian Swain, Sierra Club, supports a robust local build-out with job creation.
- Kristen Schwind, Bay Localize & Clean Energy Alliance, expressed her support for the program and local build-out.
- Jennifer Fong, SF State Student, expressed desire for affordable rates and prioritization of the local build-out.
- John Rizzo, Sierra Club, expressed his support for the program and concerns over the opt-out and program rates as compared to other national programs.
- Michael Zambrano, Sierra Club, expressed his support for the CleanPowerSF Program.
- Arthur Feinstein, Sierra Club, expressed his desire for a robust build-out and stated a plan is needed as soon as possible.
- Tom McDonaguh expressed desire for natural, clean energy generation.
- Eric Brook, San Francisco Green Party and local grassroots organization, “Our City”, expressed his desire for a local-build out, and expressed concern with the participation rates noted in the survey and with the potential opt-out rates.
- June Brashares, Local Clean Energy Alliance, expressed he support for the CleanPowerSF Program and urges the development of a well-designed plan with affordable rates.
- Karen Babbitt, Sierra Club, expressed her support for the program and her concerns with the cost of the rates and opt-out rate.
- David DeLaTorre, Laborers Local 261, supports the program and asked if jobs will be created, when and where.
- Hunter Stern, IBEW Local 1245 and Stop the Shell Shock Campaign, stated that IBEW supports workers in 28 utilities and that work will be contracted out to Shell Energy. He expressed support for the local build-out.
- Josh Arce, Brightline Defense Project, thanked everyone for their work on the Program. He stated there are unanswered questions remaining on jobs and rates.
- Jessica Dervin-Ackerman, Sierra Club, stated that the nation is watching the decisions that will be made and expressed concerns that the rates are too high.
- Male speaker discussed his business and activity in the GoSolarSF Program and offered suggestions for the CleanPowerSF Program.
- Eddie Ahn, Brightline Defense Project, stated his thoughts on the need for separation of the CleanPowerSF and GoSolarSF Projects.

Chairperson Avalos provided closing thoughts and a summary on CleanPowerSF Program and presentations. He discussed the development of rates to ensure participant retention. He encouraged the convening of another joint SFPUC/LAFCo meeting.

Commissioner Campos offered his closing comments and noted the Program is complex and a middle ground must be met to strike a balance to get a low rate, while also moving quickly to a robust local build-out.

Commissioner Breed asked that lower rates be investigated and doesn't want to move too quickly in order to ensure success. She would like to see a detailed Program plan to make an informed decision.

Chair Avalos requested a comparison of rates and participation figures for similar programs. SF PUC President Torres concurred with Chair Avalos and stated that the SF PUC will meet again on April 23rd to discuss the Program.

9. Closing remarks and discussion of next steps.

Chairperson Avalos and SF PUC President Torres thanked the staff for their work and public for their participation.

ADJOURNMENT

The meeting adjourned at 4:40 p.m.