



AARON PESKIN

February 26, 2018

MEMORANDUM

TO : Members Packard, Anderson, Patterson
Ballot Simplification Committee

FROM : Sunny Angulo 
Chief of Staff, Supervisor Aaron Peskin

RE: Draft Ballot Digest of File No. 171308 – Public Utilities Revenue Bonds

As spelled out in both the legal text and legislative digest of this charter amendment, the PUC would specifically be tasked with delivering clean energy via any new power utilities that it is able to construct with its expanded bonding authority, should this measure pass. The City Attorney took great pains to ensure the following language was inserted into the text of the city charter specifically:

The Public Utilities Commission shall endeavor to finance new power facilities that increase delivery of clean energy enhance reliability and safety, and increase sustainability by incorporating technologies like energy storage and electric vehicle charging, as well as other technologies that become available. In no event shall the Public Utilities Commission finance construction of a power plant that generates electricity using fossil fuels or nuclear energy.

Given this, the sponsor feels that this level of prescriptive authority should be called out specifically, both for factual accuracy and as a way to simplify the mechanics of the measure for voters. Please consider the following red-line changes to the draft ballot digest for consideration at this morning's Ballot Simplification Committee:

The Way It Is Now: The City owns several public utilities, including clean power, water and sewer systems. Under the City's Charter, the San Francisco Public Utilities Commission (PUC) operates these utilities. The PUC delivers clean energy that is primarily sourced from the City's Hetch Hetchy hydroelectric system. The PUC uses money customers pay for clean power, water and sewer service to operate each of these utilities. The PUC may also use customer funds to repay bonds the City has issued to build and improve sewer and water facilities benefiting those customers.

A revenue bond is a bond that the City sells to members of the public as a way of borrowing money, generally to finance constructing public infrastructure. When the City issues revenue bonds to pay for PUC facilities, the City pays back the money with interest over time using revenues the PUC collects, including customer funds.

In 2002 the voters passed Proposition E to provide authority for the PUC to issue revenue bonds to build or improve water and sewer facilities, with approval by two-thirds of the Board of Supervisors. Other revenue bonds to support the PUC, including revenue bonds to build or improve clean power facilities, must be approved by the voters.

The Proposal: Proposition ___ would amend the Charter to authorize the PUC to issue revenue bonds to build or improve clean power facilities, in addition to water and sewer facilities, with approval by two-thirds of the Board of Supervisors. Also, Proposition ___ would make clear that the PUC may issue revenue bonds with approval by two-thirds of the Board of Supervisors for any other lawful purposes associated with the PUC's utilities.

Proposition ___ would require the PUC in issuing revenue bonds for power facilities to make efforts to finance constructing new clean power facilities that produce clean electricity from renewable sources, enhance reliability and safety, and increase sustainability. The measure would also prohibit the PUC from financing the construction of power plants that generate electricity using fossil fuels or nuclear power.

A "YES" Vote Means: If you vote "yes," you want to authorize the City to issue revenue bonds to build or improve the City's clean power utilities, with a two-thirds vote of the Board of Supervisors, and to prohibit the PUC from financing the construction of power plants that generate electricity using fossil fuels or nuclear power.

A "NO" Vote Means: If you vote "no," you do not want to make these changes.

PUC staff can provide further clarity regarding the operations and utilities delivery of their facilities, both currently and planned. Because this bonding authorization would allow the PUC to build clean power facilities for the delivery of clean power, it seems simplest to just say "clean power facilities."