



CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ben Rosenfield
Controller

Monique Zmuda
Deputy Controller

August 22, 2008

Mr. John Arntz
Department of Elections
City Hall, Room 48
Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

REVISED:
August 22, 2008

2008 AUG 22 PM 12:56
DEPARTMENT OF ELECTIONS
SAN FRANCISCO
FILED

RE: Proposition H Charter amendment; Options for Providing Electric Power in San Francisco

Dear Mr. Arntz,

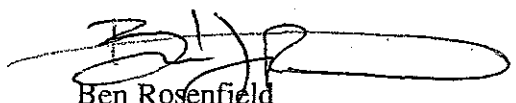
Should the proposed Charter amendment be adopted, in my opinion, there could be costs and benefits to the City and County. The costs and benefits would vary widely depending on how the Public Utilities Commission (PUC) implements the amendment.

There will be estimated early costs of between \$825,000 and \$1.75 million for a comprehensive clean and renewable energy study which includes a workforce development component as specified by the amendment. The study would be funded through the rates and charges to current PUC energy customers.

The proposal requires studies of the costs and benefits of various approaches before a decision is made to pursue a particular energy strategy. The most significant cost or savings related to this or any similar power proposal would occur if the PUC, after reviewing the required studies, proposes to buy or build power generation and/or distribution facilities. **There are several possible methods for costing the purchase or construction of power facilities and estimates range widely. Under any method, the amounts are certainly substantial—likely in the billions of dollars. The PUC would have the authority to issue revenue bonds to fund the costs of buying or building power facilities. Revenue bonds are paid for through the rates and charges to customers of the utility that issues them.**

Other savings or costs to be considered would come from the avoidance of profits, or from the loss of taxes paid by private power companies that would not be incurred by a publicly-owned entity, and the relative value of labor contracts and other efficiencies that might favor public or private power providers. Specific savings or costs cannot be determined at this time for other proposed objectives under the amendment such as generating renewable energy and reducing greenhouse gas production.

Sincerely,


Ben Rosenfield
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.