



# SFPUC 10-Year Capital Improvement Plan

March 9, 2026

Dennis Herrera, General Manager

Trey Hunter, Capital Budget Manager



# Agenda

1. **Capital Budget Process and Priorities**
2. **Agency Capital Budget Overview**
3. **Power Enterprise 10-Year Capital Improvement Plan Summary and Major Projects**

***Water and Wastewater Enterprise Budgets to be heard at the March 23, 2026, Capital Planning Committee meeting***

# SFPUC Priorities for this Budget

## Financial Sustainability

Keeping rates affordable

Sustaining strong credit ratings

Long-term strategic planning

## Operational Excellence

Providing responsive and efficient services

Meeting complex regulatory requirements

Maintaining high operational and safety standards

## Climate Leadership

Environmental stewardship and sustainability

Advancing the clean energy transition

Planning for resilience and adaptation

## People and Community

Supporting our workforce

Building on equity and inclusion

Strengthening the local economy

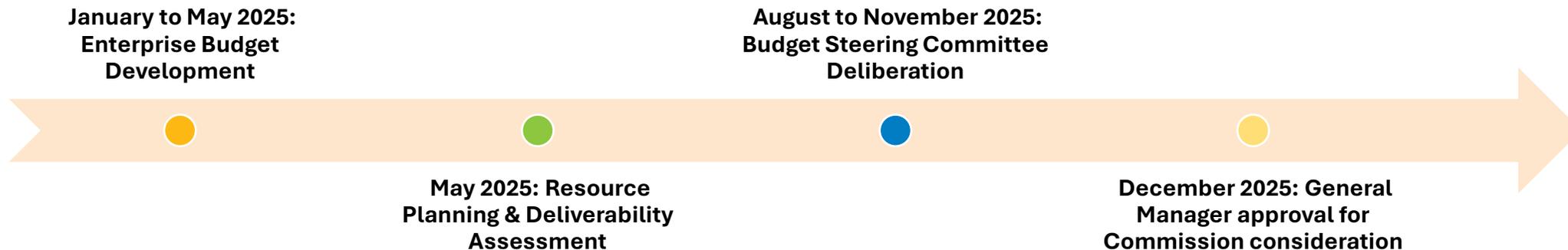
# SFPUC's Capital Planning Process

## Guidance

- Multi-year Capital Planning Improvement Initiative (CPII) guided development
- Started several months earlier than prior cycle (January 2025)
- Key outputs: 10-Year Capital Improvement Plan Development Guidelines, enhanced Budget Instructions, dynamic scenario modeling, enterprise-specific resource planning methodologies, and risk-based prioritization models

## Result

- Initial proposal totaled **\$15.9B** and represented inventory of major infrastructure needs
- Through modeling financial scenarios and applying prioritization frameworks, reduced to **\$12.5B** plan while maintaining service reliability and regulatory compliance



# Primary Cost Drivers



Critical Upgrades



Construction Costs



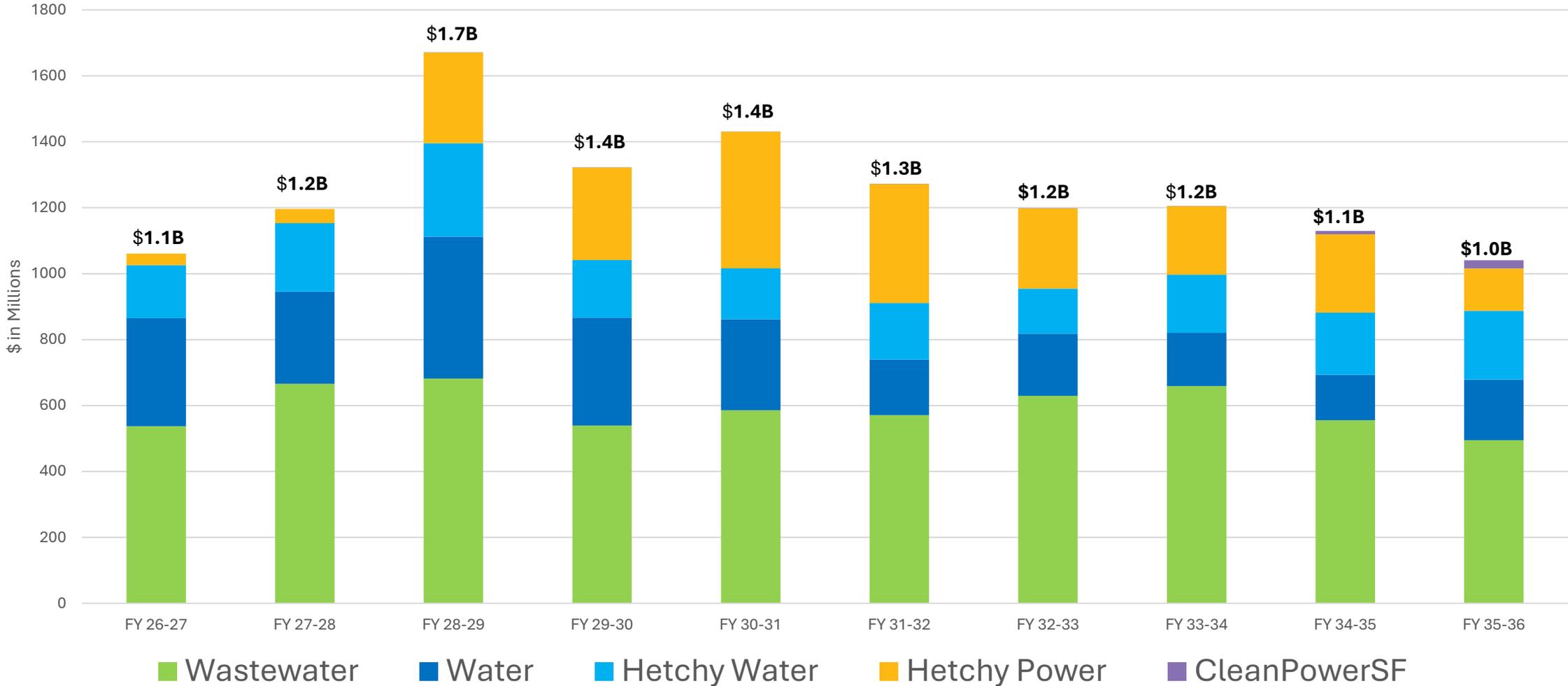
Regulatory Obligations



Declining Federal Support

# SFPUC 10-Year Capital Plan

Investments driven by critical upgrades to aging infrastructure in Water & Wastewater systems and meeting demands for clean energy in Power.



# FY 2026-27 & FY 2027-28 Budget Resources

- 10-Year Capital Plan
  - Project by project breakdown over the next 10 years
- Capital Plan Report
  - Detailed information about SFPUC's capital planning process, priorities, and key projects
- Financial Plan Report
  - Annual report on SFPUC's financial strategy to fund 10-Year Capital Improvement Plan

Reports and more info available @ [sfpuc.gov](https://www.sfpuc.gov)

# Power Capital Plan

Barbara Hale, Assistant General Manager for Power

# One Enterprise, Two Clean Energy Services



## SF's Publicly-Owned, Retail Electric Utility

- 1 million MWh annual sales (150 MW)
- Approximately 8,000 customer accounts and growing
- Ownership of 385 MW hydro generation, 8.4 MW solar, 2 MW biogas
- Default product 100% Greenhouse Gas-free (GHGf)
- "Premium" 100% California RPS renewable
- 160+ miles of transmission and distribution lines, 10+ substations, and 25,000+ streetlights
- 222 authorized positions
- FYE25 Total Revenues = \$243.6 million



## SF's Community Choice Aggregation Program

- 3 million MWh annual sales (550 MW)
- Approximately 387,000 customer accounts, stable
- Diverse portfolio of short, medium, and long-term power, energy storage, and resource adequacy contracts
- Default "Green" product at least 70% California RPS renewable and nearly 100% Greenhouse Gas-free
- "SuperGreen" and "SuperGreen Saver" 100% RPS renewable
- 85 authorized positions
- FYE25 Total Revenues = \$436.0 million

**Through Hetch Hetchy Power and CleanPowerSF, the SFPUC provides more than 75% of the electricity consumed in San Francisco.**

# Capital Priorities and Project Drivers



Long-term strategic investments to build power assets that deliver clean, affordable energy and enhance resiliency of current system.



Most investments grow customer base and benefit *all* ratepayers by spreading out costs.



Proactive approach to serving new customers with clean, public power source.

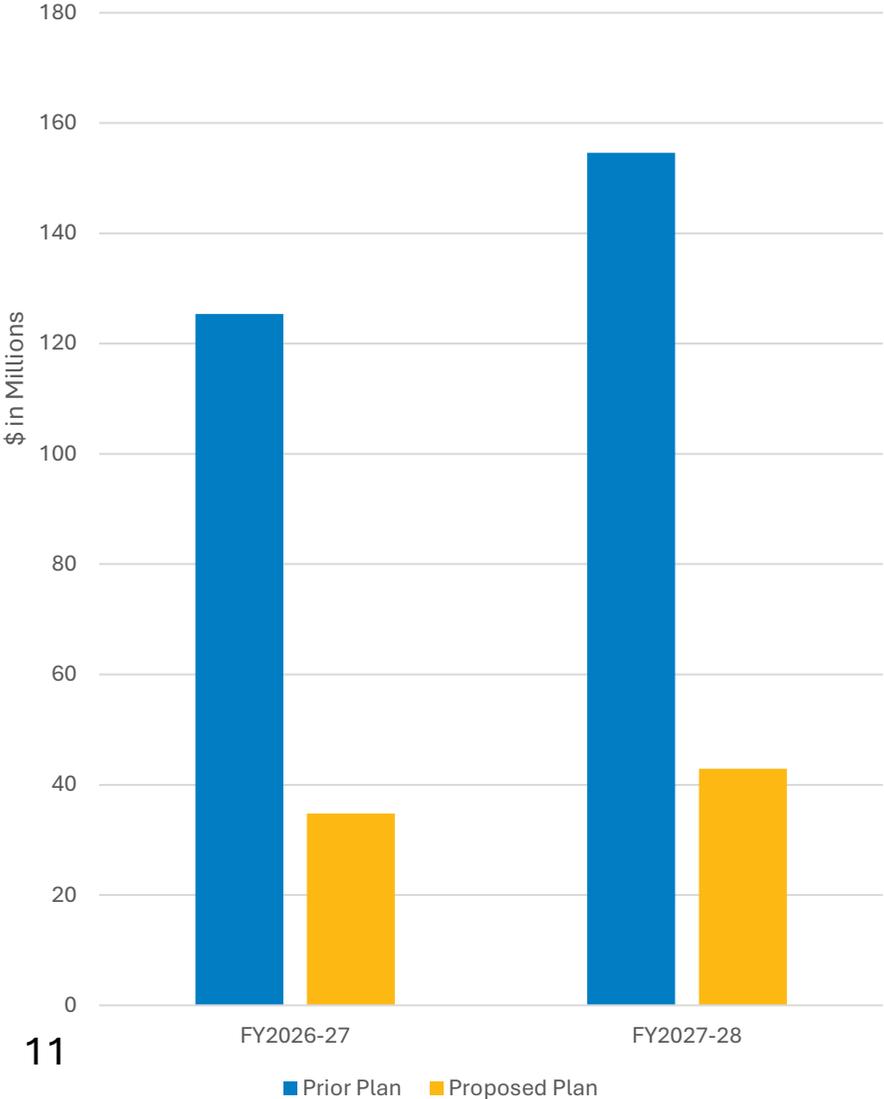


Project prioritization and scheduling tied to customer requirements.



# 2-Year Power Budget

2-Year Budget Comparison to Prior Plan

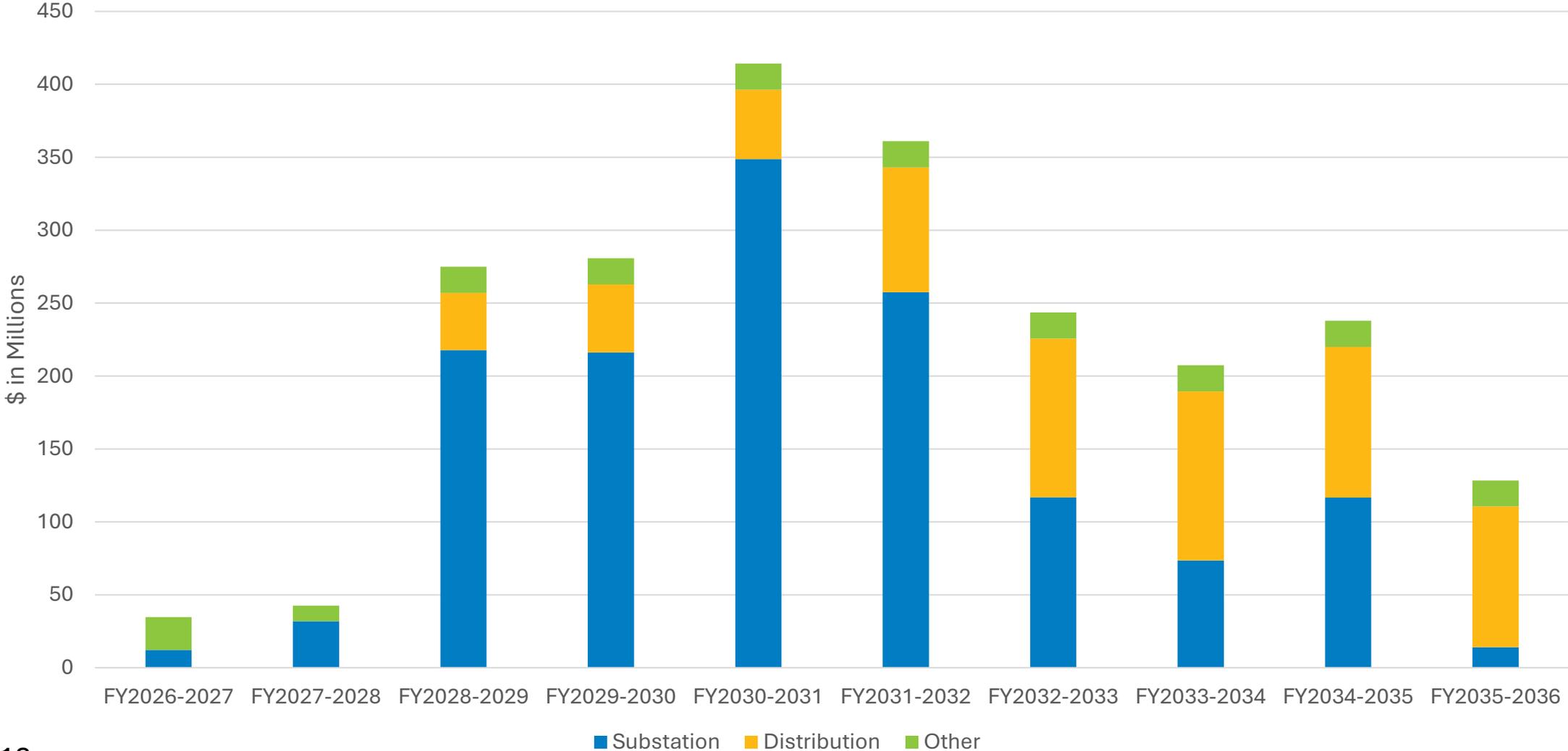


\$Million	Prior Plan FY 26-27	Proposed Plan FY 26-27	Change	Prior Plan FY 27-28	Proposed Plan FY 27-28	Change
Hetchy Power	125.0	34.8	-90.2	154.1	42.9	-111.2
CleanPowerSF	0.4	0.0	-0.4	0.5	0.0	-0.5
	125.4	34.8	-90.6	154.6	42.9	-111.7

### Power Capital Budget Comparison:

- Significantly less than anticipated at this point two years ago
- With focus on repurposing prior appropriations and deliverability capacity, the 2-Year Budget shrunk dramatically versus the prior 10-Year Plan.

# Hetch Hetchy Power \$2.2B Ten-Year Capital Plan



# Major Projects

Project Name	Total 2-Yr Cap. Budget	Total 10-Yr Cap. Plan	Total Cost	Current Phase
Spear Street Substation	\$21M	\$482M	\$491M	Planning
Large Load Substation One	\$17M	\$479M	\$479M	Planning
BCTD Backup Loop	\$0M	\$233M	\$238M	Planning
Westside Substation	\$0M	\$200M	\$200M	Planning
Grid Connections*	\$0M	\$178M	\$415M	Multiple/Ongoing
Redevelopment Projects	\$0M	\$173M	\$254M	Multiple/Ongoing
SFO Substation Improvements	\$0M	\$152M	\$231M	Design
Carbon Free Steam	\$6M	\$93M	\$93M	Planning
Public Power Expansion	\$19M	\$81M	\$111M	Planning/Enviro.

\*Grid Connections shows total project costs, including funding through FY40, to show the full cost to build out the distribution from proposed substation projects in the Capital Improvement Plan.

**Our purpose: provide clean electricity for quality of life and for a livable planet by investing in infrastructure to capture load growth, funding programs to decarbonize, and building a workforce committed to deliver the service.**

*Thank you*

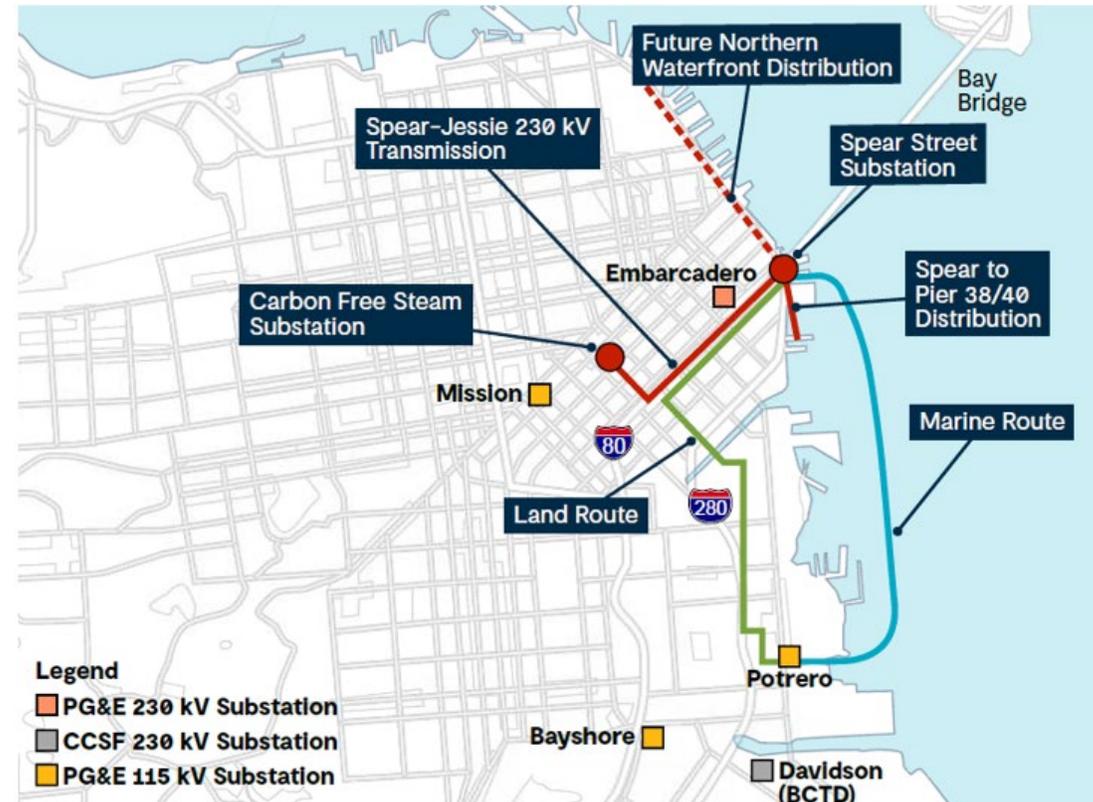
# Appendix Slides: Major Projects & Power Rate Forecast

# Spear Street Substation

Impact to 10-year Plan: **+\$392M**  
Proposed Project Budget: **\$491M**  
Phase: Planning

- Enable SF Port & Bay Ferry electrification and waterfront load growth.
- Establish Spear–Jessie 230 kV capacity for future Port loads.
- The Jessie Street Substation project will connect to Spear at transmission via the Carbon Free Steam project.

**Climate Leadership**  
Advancing the clean energy transition



# Large Load Substation One

Impact to 10-year Plan: **+\$479M**  
Proposed Project Budget: **\$479M**  
Phase: Planning

**Financial Sustainability**  
Long-term strategic planning



- Develop a 150 MW substation interconnected to PG&E Martin Substation.
- 50 MW for co-located Large Load customer, 25 MW for surrounding neighborhood, 75 MW BCTD Backup.
- Large Load customer funds \$55M-\$120M toward project costs for dedicated services (negotiated agreement).

# BCTD Backup Loop

Impact to 10-year Plan: **+\$176M**  
Proposed Project Budget: **\$238M**  
Phase: Planning

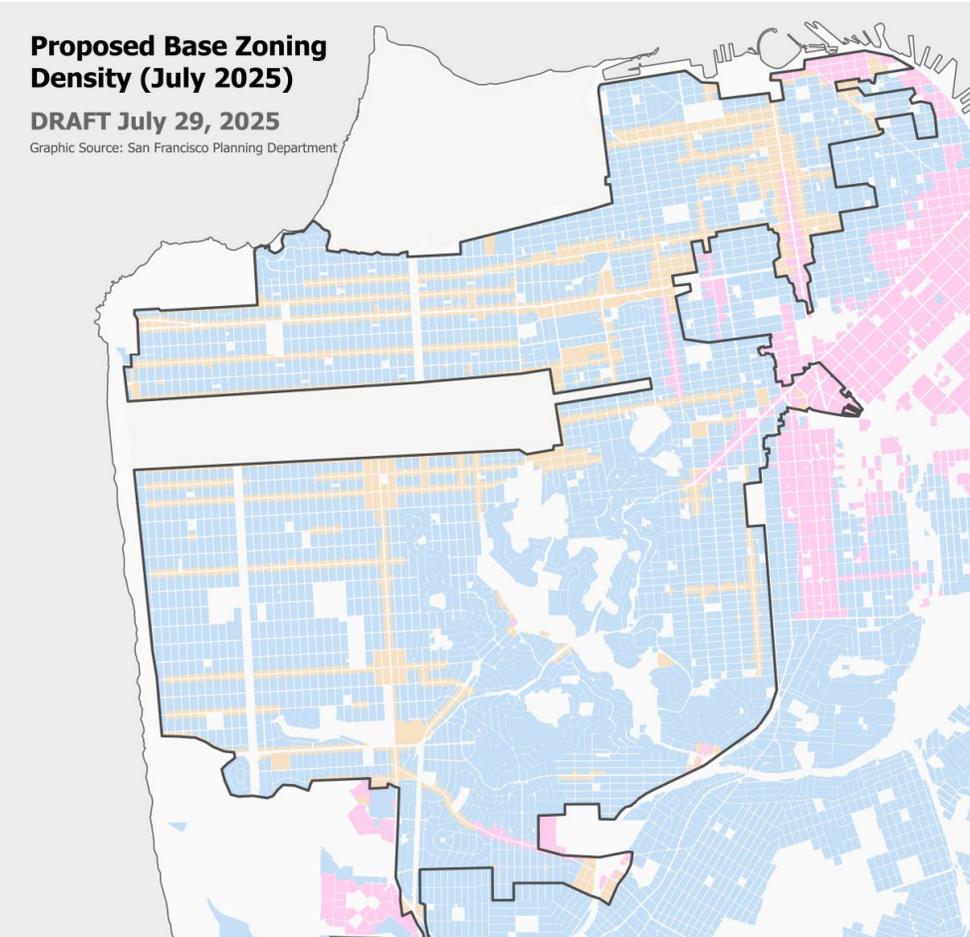


**Operational Excellence**  
Providing responsive and efficient services

- Enhances resiliency of Bay Corridor Transmission/Distribution system by building a loop system running a separate duct bank leaving the Davidson substation to Mission Rock.
- Allows rerouting of power around fault and avoids outages when performing repairs on PUC facilities.

# Westside Substation

Impact to 10-year Plan: **+\$200M**  
Proposed Project Budget: **\$200M**  
Phase: **Planning**



## Financial Sustainability Long-term strategic planning

- Develop a new Westside substation to serve forecast load growth.
- Support increased demand driven by housing density and expanded public/recreational amenities.
- Enable transfer of select Wastewater facilities from PG&E to SFPUC service, potentially reducing operating costs.

# Grid Connections

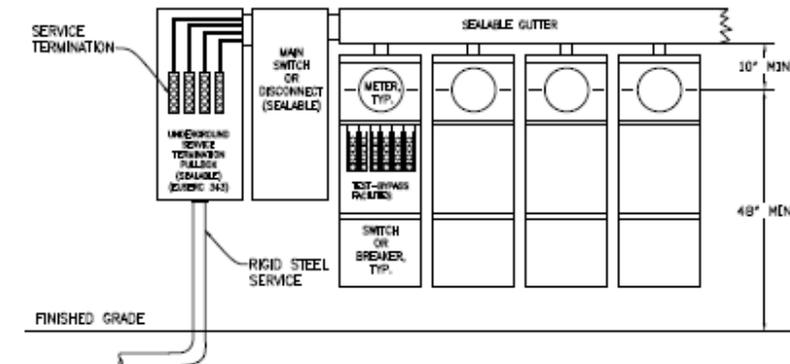
Impact to 10-year Plan: **+\$49M**

Proposed Project Budget: **\$415M**

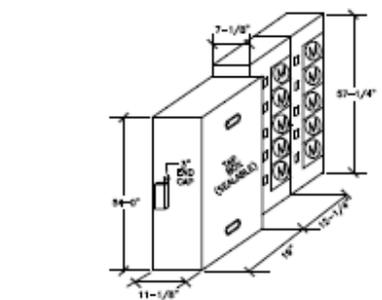
Phase: **Multiple/Ongoing**

- Deliver distribution connections for new customers to the SFPUC-owned grid (programmatic/ongoing).
- Coordinate with major substation projects in the Capital Plan (scope and timing are interdependent)
- Includes funding to improve standards for interconnection to the SFPUC grid to improve safety, reliability, and delivery efficiency.

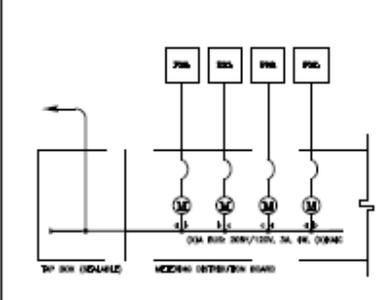
**Operational Excellence**  
Providing responsive and efficient services



**(B) GROUPED METERS WITH MAIN DISCONNECT**



**(C) GROUP METERS WITHOUT MAIN DISCONNECT**



**(A) ILLUSTRATIVE PARTIAL SINGLE LINE**

# Redevelopment Projects

Impact to 10-year Plan: **-\$72M**

Proposed Project Budget: **\$367M**

Phase: **Multiple/Ongoing**



**People & Community**  
Building on equity and inclusion

- Build the distribution backbone for large redevelopment projects that advance housing, equity-focused community investment, and neighborhood services.
- Includes Treasure/Yerba Buena Islands; HOPE SF (Potrero & Sunnydale); Alice Griffith; India Basin; Visitation Valley; Pier 70; Mission Rock; Hunters Point Shipyard.

# SFO Substation Improvements

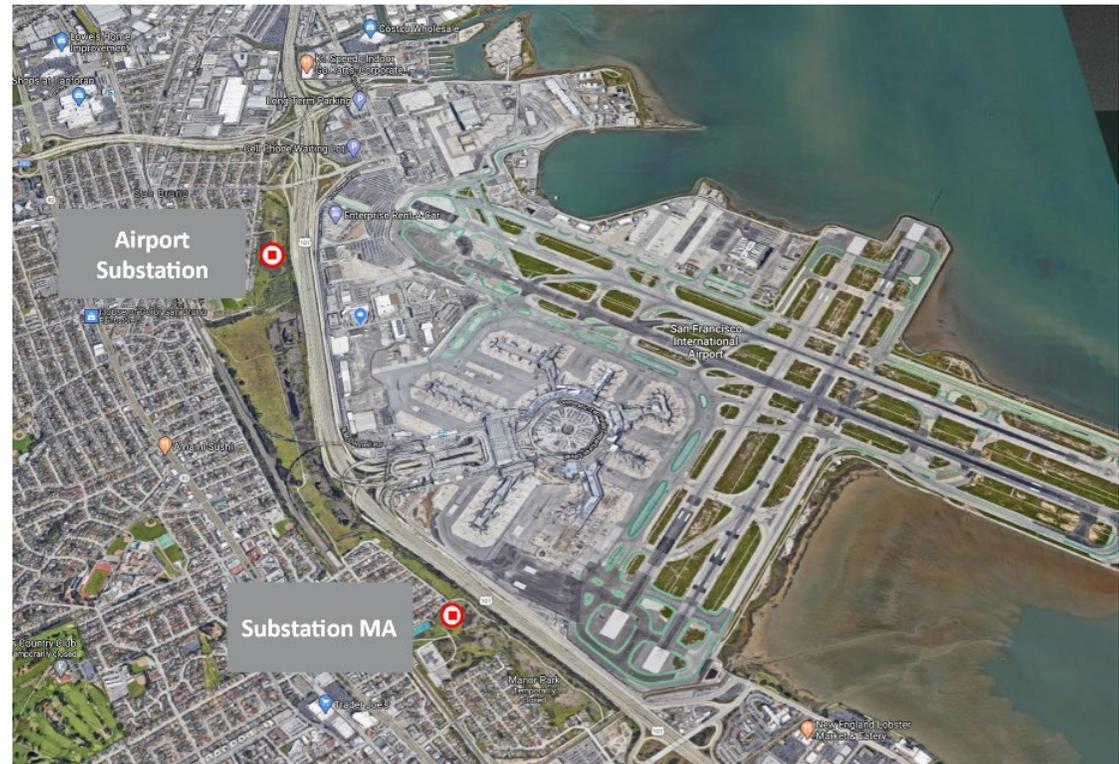
Impact to 10-year Plan: **-\$54M**

Proposed Project Budget: **\$231M**

Phase: **Design**

- Upgrade existing SFPUC substations serving SFO to meet forecast load growth to ~255 MW.
- Primary driver: increased demand from vehicle electrification (fleet/ground transportation).
- Excludes funding for a proposed new SFO Substation, which would be financed by SFO.

**Climate Leadership**  
Advancing the clean energy transition



# Carbon Free Steam

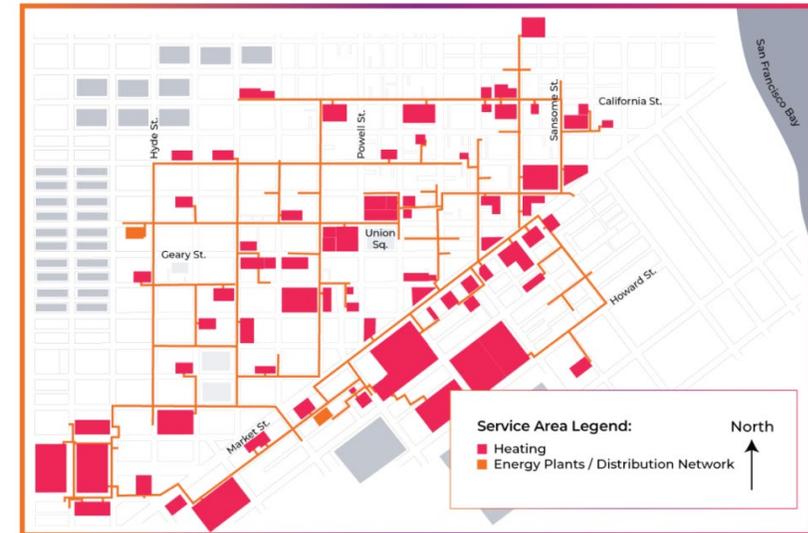
Impact to 10-year Plan: **-\$124M**

Proposed Project Budget: **\$93M**

Phase: **Planning**

- Enable Cordia steam electrification by building a new 75 MW Jessie Street substation on Cordia property (owned/operated by SFPUC).
- 50 MW for Cordia electric boilers; 25 MW reserved for SFPUC to serve downtown connections.
- This project is just the transmission line extension that SFPUC will construct. The total project, including the substation, is ~\$175M.
- Cordia is responsible for 2/3 of the total cost of the ***combined*** substation and transmission line extension (~\$117M).

**Climate Leadership**  
Advancing the clean energy transition



# Public Power Expansion

Impact to 10-year Plan: **+\$23M**

Proposed Project Budget: **\$111M**

Phase: **Planning/Environmental**

- Evaluate potential acquisition of PG&E electric distribution assets in San Francisco.
- Develop transition and operations readiness plans for a City-run system (governance, staffing, systems, safety/compliance).
- Assess costs/benefits, implementation risks, and infrastructure investment needs to support long-term reliability and decarbonization.

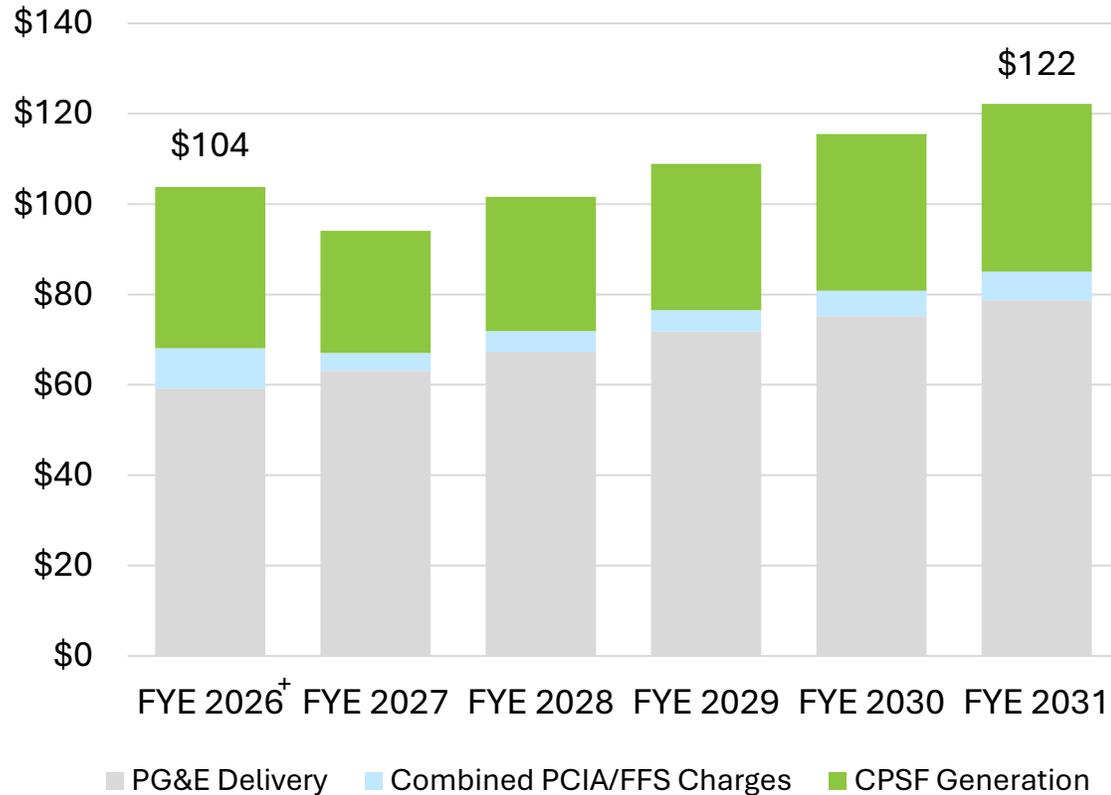
**Financial Sustainability**  
Keeping rates affordable



**Public Power Expansion** will enable the City to achieve independence from Pacific Gas & Electric Company, establish local accountability for electric ratepayers in San Francisco, and facilitate investment in infrastructure to further decarbonization and grid resiliency efforts.

# Proposed Rates – CleanPowerSF

**Average Monthly Residential CleanPowerSF Power Bill (E-TOU-C)**



<sup>+</sup>FYE 2026 reflects January 2026 existing rates before proposed March 2026 rate decrease

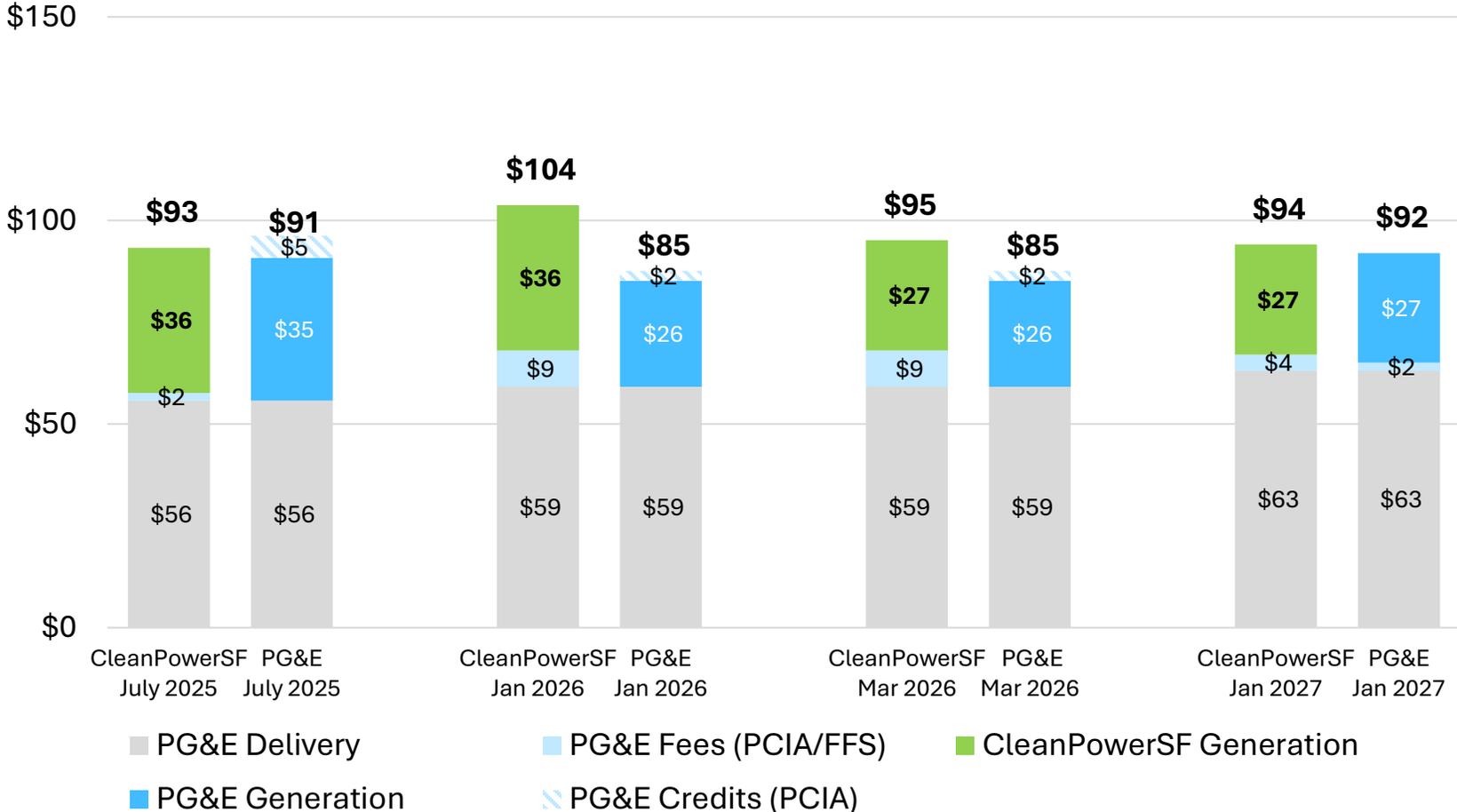
	Generation Rate Increase	Last Year's Projection
FYE 2027*	-20% to -25%	0.0%
FYE 2028	8.5%	0.0%
FYE 2029	8.0%	0.0%
FYE 2030	5.5%	1.5%
FYE 2031	5.5%	1.5%
10-Year Avg (FYE 2027 – FYE 2036)	1.4% to 2.1%	0.3%

\* Rates effective March 2026

Key Affordability Indicators	Current Projection
FYE 2036 Average Residential Generation Bill	\$48
FYE 2036 Average Residential Total Bill	\$154
10-Year Average Generation Rate Increase	1.4% to 2.1%

# CleanPowerSF Rate Plan

CleanPowerSF vs. PG&E Average Monthly Residential Bills (E-TOU-C)

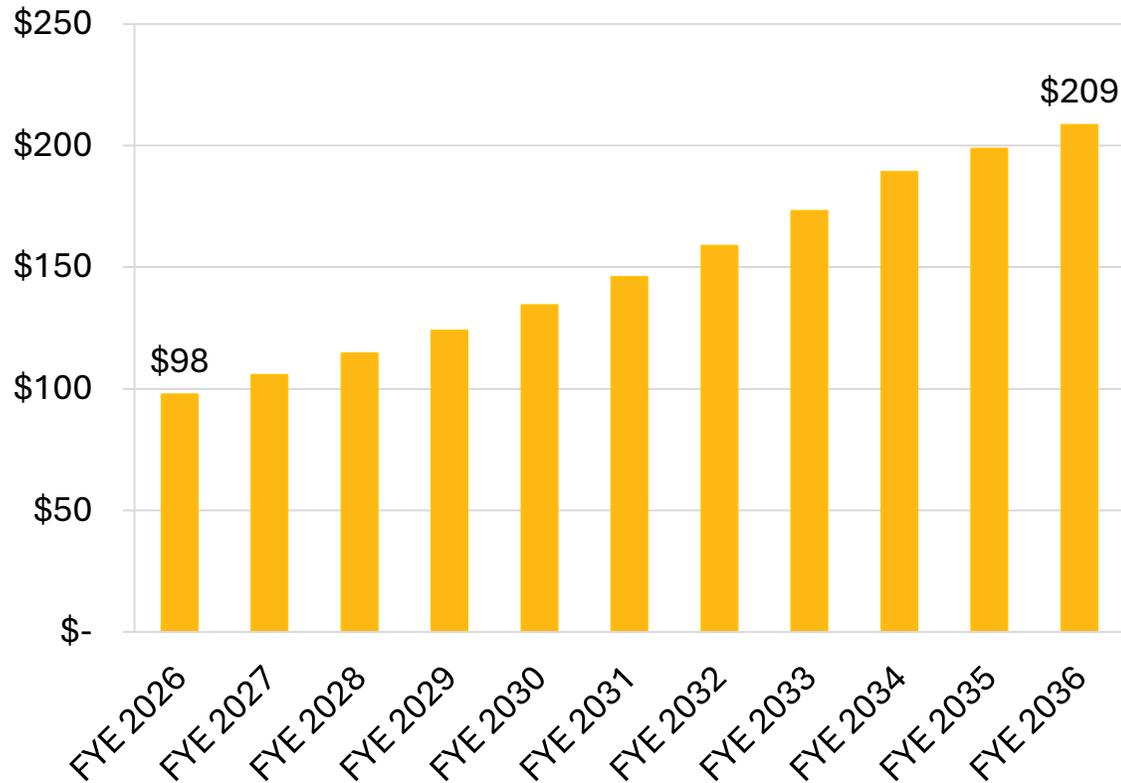


Generation Rate Increase	
FYE 2027*	-20% to -25%
FYE 2028	8.5%
FYE 2029	8.0%
FYE 2030	5.5%
FYE 2031	5.5%
FYE 2032	4.5%
FYE 2033	3.0%
FYE 2034	3.0%
FYE 2035	3.0%
FYE 2036	3.0%
<b>10-Year Avg</b>	<b>1.4% to 2.1%</b>

\* Rates effective March 2026

# Proposed Rates – Hetch Hetchy Power

**Average Monthly Residential Hetch Hetchy Power Bill**



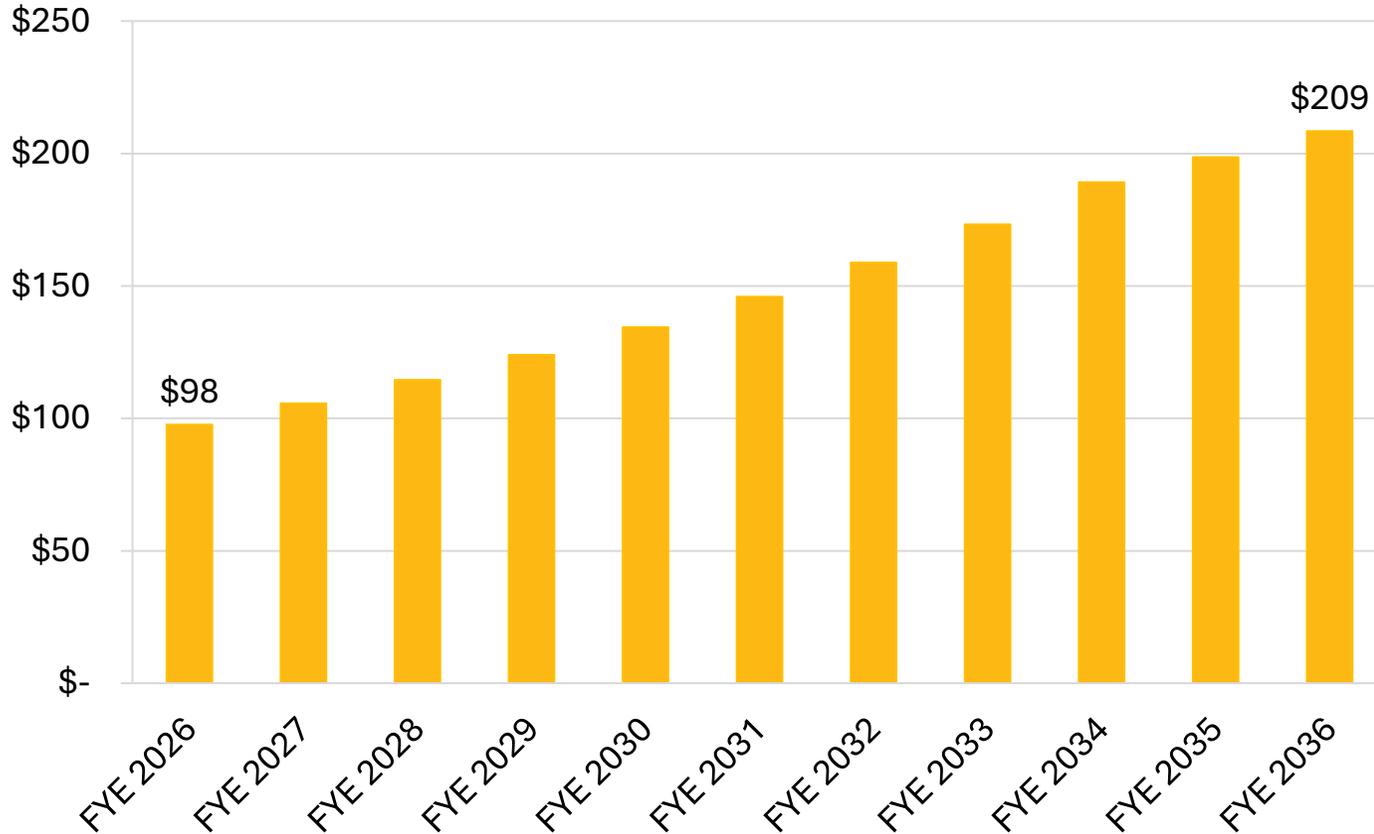
	Retail Rate Change		Last Year's Projection
<b>FYE 2027*</b>	7.0%	↓	9.5%
<b>FYE 2028</b>	7.0%	↓	9.5%
<b>FYE 2029</b>	6.5%	↓	8.0%
<b>FYE 2030</b>	6.5%	↑	5.0%
<b>FYE 2031</b>	6.5%	↑	5.0%
<b>10-Year Avg (FYE 2027 – FYE 2036)</b>	<b>5.8%</b>		<b>5.8%</b>

\* Rates expected to be adopted in Spring 2026

Key Affordability Indicators	Current Projection		Last Year's Projection
FYE 2036 Average Residential Bill	<b>\$209</b>	↓	\$214
10-Year Average Retail Rate Increase	<b>5.8%</b>	▬	5.8%

# Hetch Hetchy Power Rate Plan

Average Monthly Residential Hetch Hetchy Power Bill



Retail Rate Increase	
<b>FYE 2027*</b>	<b>7.0%</b>
<b>FYE 2028</b>	7.0%
<b>FYE 2029</b>	6.5%
<b>FYE 2030</b>	6.5%
<b>FYE 2031</b>	6.5%
<b>FYE 2032</b>	6.5%
<b>FYE 2033</b>	6.5%
<b>FYE 2034</b>	6.5%
<b>FYE 2035</b>	2.5%
<b>FYE 2036</b>	2.5%
<b>10-Year Avg</b>	<b>5.8%</b>

\* Rates expected to be adopted in Spring 2026