

DOCUMENTS IN THIS PACKET INCLUDE:

LETTERS FROM CITIZENS TO THE
UTILITIES ADVISORY COMMISSION

Romero, Rachael

From: Avroh Shah <avrohshah@gmail.com>
Sent: Thursday, October 23, 2025 8:16 PM
To: UAC; Veenker, Vicki
Cc: Sven Thesen
Subject: 10/29 Meeting Invitation: Potential Agenda Item about Natural Gas (in Stoves) Health Impacts

Categories: UAC

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Utility Advisory Commissioners and Vice Mayor Veenker,

I hope you have been enjoying a pleasant October. Sven Thesen, who is copied here, and I invite everyone to meet with us on Wednesday, 10/29, from 4 to 5 pm at 314 Stanford Avenue or virtually (a hybrid meeting for convenience). We plan to discuss potential steps to address the recent health findings regarding natural gas's impacts when used in homes, examine the barriers to action, and inspire an agenda item for an upcoming UAC meeting.

We hope that you can join us either virtually or in person for this meeting. If you can, please respond to this email letting us know, and I'll send over a calendar invite.

Looking forward to a productive conversation!

Kindly,
Avroh Shah

Romero, Rachael

From: Francis James <francis@flotive.ai>
Sent: Wednesday, October 1, 2025 2:13 PM
To: UAC
Cc: Burton, Kaylee
Subject: Utilities Advisory Commission (UAC) Meeting Agenda Item #1 Question

Follow Up Flag: Follow up
Flag Status: Completed

Categories: UAC

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Hi UAC team,

Can you tell us what triggers a wood pole replacement (EL-19004)? Furthermore, if this is through inspections by the city of Palo Alto, is there a way for citizens to report damaged or risky poles to be considered for replacement?

Best

Romero, Rachael

From: Jeff Hoel <jeff_hoel@yahoo.com>
Sent: Saturday, October 11, 2025 5:23 PM
To: UAC
Cc: Hoel, Jeff (external); Council, City
Subject: TRANSCRIPT & COMMENTS -- 10-01-25 UAC meeting -- excerpts -- FFTP

Categories: UAC

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Commissioners,

Here's a TRANSCRIPT of portions of your 10-01-25 meeting. I have added my COMMENTS (paragraphs in red, beginning with "### ") and slide titles (paragraphs in orange, beginning with "###. ")

10-01-25 agenda:

<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=17459>

10-01-25 video (2:51:38)

<https://midpenmedia.org/utilities-advisory-commission-1012025/>

KEY POINTS

* I was disappointed that Director Kurotori chose to provide a promised FFTP update as part of his Utilities Director Report (at 0:43:49) rather than by agendizing the update as a separate New Business item (with staff report). The update did not specify when the FFTP hut at the Colorado Substation will be functional. The update did not mention anything about fiber infrastructure deployment. The update didn't provide any scheduling information.

* At Public Comment (0:33:29), Hamilton Hitchings asked how long the City's FFTP network would remain operating in the event of a power outage.

* Commissioner Tucher asked (2:46:52) to look at data centers. When UAC considers data centers, it should consider possible down sides.

Thanks.

Jeff

Jeff Hoel
731 Colorado Avenue
Palo Alto, CA 94303

=====

10-01-25 UAC MEETING %%

Attended by:

Commission: Mauter, Phillips, Scharff, Tucher, (not Croft, Gupta, Metz)

Liason: (not Lauing)

Staff: Dailey, Kurotori, Nose, Romero

Staff (participating in items not transcribed here): Abendschein, Burton, Elvert

Public: Hitchings, Shah, Thesen

TRANSCRIPT %%

0:25:26:

Chair Scharff: All right. I'm calling the meeting to order. Do you want to call the roll?

0:25:30:

Rachel Romero: Commissioner Tucher.

0:25:30:

Commissioner Tucher: Here.

0:25:32:

Rachel Romero: Vice Chair Mauter.

0:25:33:

Vice Chair Mauter: Here.

0:25:34:

Rachel Romero: Chair Scharff.

0:25:36:

Chair Scharff: Here.

0:25:36:

Rachel Romero: Commissioner Phillips.

0:25:38:

Commissioner Phillips: Present.

0:25:40:

Rachel Romero: For the record, four present.

0:25:46:

AGENDA CHANGES, ADDITIONS, DELETIONS %%

Chair Scharff: All right. Moving on to -- I assume we have no agenda changes, additions, or deletions?

0:25:52:

Director Kurotori: Actually, there is a change.

0:25:53:

Chair Scharff: There is?

0:25:53:

Director Kurotori: Just a modification to Agenda Item Number 4. It IS an action item, not only for discussion. So, I just wanted to make sure that the Commission was aware. Thank you.

Chair Scharff: All right. So, we'll be taking a vote? Is that what you're saying?

0:26:08:

Director Kurotori: We'll be taking a vote and a request for action from the Commission. From the presentation.

0:26:12:

MINUTES %%

Rachel Romero: ... and minutes.

0:26:16:

Director Kurotori: We do not have minutes from the last meeting. They will be incorporated in the next meeting. So --

0:26:21:

Chair Scharff: OK. So, there are no minutes.

0:26:23:

Director Kurotori: No minutes.

0:26:23:

Chair Scharff: Thank you for that.

PUBLIC COMMENT %%

0:26:25

Chair Scharff: All right. So, then, do we have any public comment?

0:26:39:

Rachel Romero: If any member of the public would like to speak on an item not on the agenda, please raise your hand or press *9 now. We have one hand raised online, and we have two in-person comments.

0:26:52:

Chair Scharff: Let's take the in-person first.

0:26:54:

Rachel Romero: OK. First would be Sven.

0:27:01:

Sven Thesen: Good evening, and thank you all for being here. My name is Sven Thesen. I'm a chemical engineer by training, with 40 years of experience. The first part of it was in air quality, working at power plants. The second part has been working on electric car policy. As a chemical engineer, I have embarrassment and a shame of my fellow engineers, in that we have just discovered that natural gas stoves produce known carcinogens. We don't understand the actual chemistry, which is a joy, one of which being benzene. And if you are in a -- have your windows down and the fan not on, it reaches benzene levels that are 12x that of the World Health Organization's recommended standards. There's no standards for benzene, really, 'cause it's a carcinogen for kids. Second of all, burning anything -- because air is 78 percent nitrogen, N2 -- it produces oxides of nitrogen. And this directly leads to asthma in children. So, I've been in Palo

Alto 20+ years -- excuse me -- yes, 20-some years now. And I'm raising my kids here. And my elder daughter suffered from exercise-induced asthma. My father died of lung cancer. So anything I can do to educate the public -- anything we can do to -- because we are supplying this product -- to our citizenry. It's like we're giving them cigarettes. And I'm not saying -- I'm not trying to point fingers. Because we've just learned about this science -- it's particularly from Stanford -- in the last 3 years. And there's a whole bunch of articles -- if you look up benzene and natural gas stoves -- about this. It's not occurring in a vacuum. And you can measure it -- Well, no, not yourself. But there -- if you have the right equipment, you can measure it yourself. And so, what I'm asking is for the UAC to make this an agenda -- The specific ask would be to make this an agenda item about what we can do as a utility that is providing a product that we now -- NOW -- I didn't say we knew it 20 years ago, like we knew -- like we're hiding something -- that we now know causes cancer, causes asthma, has a negative -- serious negative health impacts to our citizenry. Me, as an engineer, the joy - - Methane is a CH₄ molecule. Benzene is a C₆H₆ cyclical aromatic hydrocarbon. I just like saying that 'cause it's fun. And we don't understand how it actually is formed in the combustion. It's not a contaminant. We don't understand the science. But what we do know is two things: 1) it's present, and 2) it poses a health threat to our citizenry. Thank you.

0:30:06:

Chair Scharff: Thank you.

0:30:07:

Director Kurotori: [unamplified] Could you repeat your name?

0:30:10:

Sven Thesen: Yeah. First name is Sven -- S-V-E-N. Last name is Thesen. I'm that guy on 314 Stanford Avenue with the free electric car charger that's given away over 400,000 miles since 2011. And being net-zero, passive, beyond-platinum LEED home that's been toured by 4,000 people. I'm blessed that I can do these things. Thank you.

0:30:35:

Chair Scharff: Who's next?

0:30:37:

Rachel Romero: We have Avroh.

0:30:44:

Avroh Shah: Good evening, Utility Advisory Commissioners. My name is Avroh Shah. I'm a junior at Palo Alto High School. I'm involved currently with Palo Alto Student Climate Coalition,

Palo Alto Student Climate Coalition (PASCC)

<https://paloaltoscc.wixsite.com/my-site>

of which I lead its advocacy committee. And I'm also on the executive committee of Sierra Club Student Coalition. I'm here tonight because I recently started working with my colleague Sven, who has told you a lot in the last 3 minutes, about these recent scientific findings regarding the impact of benzene and nitrous oxides as a direct result of gas stoves. And I'm not just here to say I'm an expert of any kind. But I do find it extremely, extremely important that we do act in a way that is responsible, in the cognizance of these recent findings, to work and educate the people of Palo Alto about what we're selling them. To me, this is really a common sense issue. If we know that the standards -- the federal standards -- of nitrous oxides outdoors would say that in a kitchen -- 'Cause the federal standards for nitrous oxides outdoors say -- if you were to look at the kitchen, it's way too high. But with gas stoves in the kitchen, especially when there's not enough ventilation, especially when there's kids around. And kids are more susceptible to the effects of these findings, which say that -- higher rates of asthma, higher likelihood of developing cancer. Those are really, really important things that we have to acknowledge. And I urge you all to explore avenues to find ways to combat these health risks. Just looking at what is a simple solution that we can do. And I know that there's bill inserts that come in the mail whenever we receive our utility bill. And our home does use natural gas. But I don't see anything about the health risks about natural gas. And I know that these are recent findings. But I hope that we can act in the light of those findings, and do something to include information that can be sent out to people in Palo Alto who use natural gas, to say, you know, this is the extent and the consequences of using natural gas. And potentially explore avenues to alternative solutions. Once again, these findings

are recent. And we're not here to point fingers, or say, oh, you should have been doing this, you should have been doing that. But just act in the cognizance of these findings, and do what is right. Thank you so much.

0:33:13:

Chair Scharff: Thank you.

0:33:19:

Rachel Romero:: Next comment is online. Hamilton.

0:33:29:

Hamilton Hitchings: Hi. My input tonight is about strengthening Palo Alto's critical infrastructure so that it remains operational during a major power outage, such as after a large earthquake. First, the public safety building (PSB) is a top candidate for a City microgrid. The PSB, which has its 911, the police department, and the emergency operations center, currently has 72 hours of backup power to a generator and fuel supply.

02-01-21: PSB Construction Award

<https://www.cityofpaloalto.org/files/assets/public/v/3/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2021/id-11752.pdf>

"As designed for initial operation, the only emergency backup power for the PSB is a diesel generator. As battery technology becomes safer, cheaper, and with more storage capacity, it could easily be added via a future project."

I didn't find documentation on how long the generator's fuel supply would last if not refilled.

It also has a solar array on top of the adjacent garage, that feeds into the PSB. When the PSB was built, there was a plan to add batter storage for that solar array, but it was eliminated for budget reasons. Restoring the battery storage would extend the PSB's backup power well beyond 72 hours, and make it far more resilient. It would also allow solar power generated during the day to slightly reduce late afternoon peak loads on the City's grid. Today's LFP

lithium Iron phosphate

batteries are mainstream, affordable, and far safer than the old -- older lithium ion options, making this a practical and forward-looking investment.

How much battery capacity does Hitchings propose? What would that cost?

0:34:36:

Second, reliable communication information during an outage, such as after an earthquake, is essential. Within Palo Alto, emergency services volunteers organization, which has 700 City residents,

How many of these volunteers get their residential internet service from AT&T Fiber? How many even have access to it?

we are recommending AT&T Fiber over Comcast, because AT&T's passive fiber network is designed to stay online for at least 72 hours after a citywide power outage, provided the residents power their local fiber modem. I personally had it work for two 8-hour outages at my house. Volunteers depend on that internet to report critical incidents to cloud-based servers. I would like to know how long the City's fiber huts remain powered during a full City outage. And will the fiber service -- the City's planned fiber service -- remain up as long as residents keep their modems powered? In the event that the City does end up offering fiber, it would be a shame if we had to recommend AT&T over them because they couldn't match the AT&T specs.

I agree that the City should spell out its plan for power backup for FTTP.

0:35:47:

The good news is that LFP portable battery technology has advanced dramatically in the last 5 years. A reliable UPS battery to power a home fiber modem and router

And computer? Also, what about ambient lighting and ambient heat?

for 24 hours

Not 72 hours?

costs about \$500, and a solar panel to recharge it, around \$200. That makes it realistic for households to stay connected during a power outage. And this isn't just about emergency response. Many Palo Alto residents conduct important business from home. For them, uninterrupted service is not just convenient. It's vital for business continuity, and a deciding factor in which fiber service they choose. Thank you for listening to my comments.

0:36:29:

Chair Scharff: Thank you.

0:36:35:

Rachel Romero: No additional hands raised.

0:36:37:

UTILITIES DIRECTOR REPORT %

Chair Scharff: OK. And now, I guess we move on to Utility Director's Report.

0:36:41:

Director Kurotori: Thank you, Chair. I'll give some, frankly, considerable updates from Council.

0:36:48:

On September 8th, we -- the Council extended the term of the Palo Alto Residential Go Green Energy Financing Program, that did go to the UAC, from 2 to 5 years. And we also restated the City ordinance restating procedures to expedite permits for processing electrical vehicle charging stations.

0:37:06:

On September 15th, Council adopted voluntary residential electric time-of-use rates, that also went to the UAC. And per the recommendation of the Finance Committee. Also in regards to that, we -- the Council did concur with the UAC, and the reasonable cost analysis required by Prop 26 for the Gas Cost-of-Service Analysis. They also wanted the UAC to revise these schedules to be effective of January 2026.

0:37:43:

The third phase agreement was also approved for the Trolley Energy Storage Project

Item 11 here.

<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=16222>

To be provided by Trolley Pass Project LLC.

by Council. So, we're very pleased by that. As you may recall, that's over a 20-year term, which will allow 50 MW of battery storage and one of the first battery projects in Palo Alto.

0:38:00:

On the 29th, the City Council voted actually to pull the UAC Work Plan.

Item 6 on the agenda's Consent Calendar asked Council to approve (with NO discussion) FOUR Work Plans: for ARB, HRB, PTC, and UAC.

<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=16240>

To me, this was an indication that staff thought that Council didn't take Work Plans seriously.

In the old days (e.g., 11-27-17),

https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmrs/year-archive/2017/final-staff-report-id-8681_study-session-between-the-council-and-uac.pdf

Council used to meet jointly with UAC "annually" (or so) to talk about how things were going. To me, this was a much better approach than inferring how things are going from a Work Plan.

Between 2:20:53 and 2:21:25, Council members Burt, Reckdahl, and Lu requested that Item 6 be pulled. (Since that was sufficient to pull the item, I don't know how many other Council members would have been willing to ask to pull the item.)

So, the Work Plans that went to Council on the 29th were pulled. As such, the City Manager directed staff to continue to work with the commissions, with the action items and Work Plans as they are. So, we'll continue with that. We anticipate that will go back to Council probably early 2026 for adoption. Staff will be continuing to work as if those plans were approved. And we'll bring those back, and bring those items back to the UAC. So, I wanted to provide that update.

0:38:37:

Staff is currently updating our City connection fees. That will go -- for utility services. So, these are the connection fees that developers would pay, to -- And these are updates, that haven't been done since the pre-pandemic levels. So, that went to the Finance Committee, and will go to the City Council for approval, we believe, on October 20th.

0:39:01:

And wanted to mention that since Mayor Ed Lauing is not here today, he is actually in Germany right now, Palo Alto's sister city. He's actually making a presentation in Heidelberg to the International Mayors' Conference on how cities act as drivers for innovation and growth. And part of Mayor Lauing's presentation is actually talking about the electric utility, and the private -- public-private partnership with Tesla in upgrading one of the substations to meet their needs for growth, for an AI data center. So, we're very pleased to support him as part of that presentation.

0:39:39:

I also have a lengthy update on legislative updates. Because a lot of work and activity has been happening this session. So, as you may recall, there was a West-Wide Pathways Initiative.

09-17-25: "California Legislature Approves Pathways Bill Moving Western Regionalization Forward"

<https://www.lawofrenewableenergy.com/2025/09/articles/states/california/california-legislature-approves-pathways-bill-moving-western-regionalization-forward/>

So, it is essentially an extended day-ahead market, which will allow entities working with the Cal ISO to schedule the previous day ahead. So we can actually get the use of more solar and California going to the other Western states, and opening access to wind and other resources in New Mexico and Arizona. So, this is a very positive attribute for us. And, statewide, it should help increase affordability, and use some of the solar that we have in California that is curtailed, and be able to put that into other markets in the Western United States.

0:40:32:

The other item, which we're very pleased about, is cap-and-trade, which was set to expire in 2030, has been extended to 2045. It's been rebranded now as cap-and-invest. So, we will continue to see funds through the cap-and-trade program going both to the electric utility and natural gas utility. So, as part of that, some of the other investor-owned utilities will not be receiving some of those cap-and-trade monies. And those will go to the electric utilities in those service territories. But that does not impact -- we believe -- Palo Alto, because we are not an investor-owned utility in terms of the gas side. So, we'll provide you an update on that as well.

0:41:18:

Some bad news: I just heard -- literally 15 minutes ago -- there was another Assembly bill, Assembly Bill 1273.

AB 1273 -- It was passed by the Senate (37, 0, 0, 3) and Assembly (73, 0, 0, 7), but then vetoed by Governor Newsom.

<https://legiscan.com/CA/bill/AB1273/2025>

What this bill was going to do was the large hydroelectric extension from 2030 to 2045. And that really impacts Palo Alto, because we have such a large commitment to carbon-free resources, working with WAPA, which is a federal hydropower. So, unfortunately, that bill was vetoed. So, it'll be going back, as part of the next legislative process, to try to get that exemption extended. There are other utilities that have 100 percent hydro, and they're not impacted. So, there's some equity issues here with Palo Alto. So, we would like to bring that forward again. If we are not able to, we will have to procure excess renewable requirements for our portfolio, and that will affect affordability, and really compete with other utilities that are trying to meet renewable portfolio standard requirements.

0:42:21:

Chair Scharff: Any sense of why the Governor vetoed it?

The bill had two parts. Governor Newsom objected to the part about increasing CPUC's transparency. He didn't object to the part about how publicly-owned utilities meet compliance requirements for renewables.

<https://www.gov.ca.gov/wp-content/uploads/2025/10/AB-1273-Veto.pdf>

0:42:23:

Director Kurotori: This is just late-breaking. I'm literally providing information I just received off the phone ~~yesterday~~ -- or, excuse me, 13 minutes ago. Maybe 20 now.

0:42:33:

Chair Scharff: At least we'll have a new governor soon.

0:42:34:

Director Kurotori: Well, I -- You know, I will admit that there's been a lot of good activity in regards to the Pathways Initiative, the cap-and-trade, an affordability bill. So, there's a lot of positives. This one does impact us. This bill was added to an existing bill that had some intricacies on how rates were approved by the CPUC, which is really unrelated to Palo Alto. So, we'll looking at maybe separating that and having it as a stand-alone. But that is something we'll be working on the next session.

0:43:11:

Chair Scharff: So, you think it may have been something else in the bill.

0:43:13:

Director Kurotori: It may be something else in the bill. It may be something else that was deemed, you know -- that was too complex. Or maybe in conflict. So, [shrug] I report the good news and the bad.

0:43:27:

I did want to provide some other good news. So, as you may recall, that the City received a natural gas infrastructure grant of \$16.5 million. So, we are processing our first reimbursement. Which is a modest \$450,000. But we are making progress. You know, we'll be submitting that. And that's the period to the end of the last fiscal year.

0:43:49:

I did want to also provide a fiber-to-the-premises update. We continue to make progress on the FTT[P] project. Including recent permit approvals to a centralized building to store telecommunications equipment that will provide internet service. That building is known as the fiber hut. It will be located at our Colorado substation, within the secured perimeter of the substation.

That is, as I understand it, the hut will be placed outside the current perimeter, but the perimeter will then be extended to include the hut.

To be noted as well. So, it will be protected. We have our contractor and PE

Professional engineer?

Nexlevel

That is, MP Nexlevel.
<https://mpnexlevel.com/>

begin mobilizing to do that work -- their pre-construction activities -- on the week of October 6th. And we'll provide additional updates as the construction progresses. So, I wanted to provide that update as well.

0:44:33:

Also, I wanted to mention that we had recently the NCPA Annual Conference. It was attended by Vice Mayor Veenker, Chair Scharf, staff. It is one of the largest public electric conferences in California. Is the largest. With over 270 attendees. A wide range of public power entities and industries. Really, the conference focused on a lot of impacts affecting public power utilities, including a rise of AI data centers, energy markets, and wildfire. I know the AI data centers are a top item listed in our Work Plan. And -- spoiler alert -- we'll be planning to bring that back to you in the December timeframe to this commission. So, wanted to give you an update on that.

0:45:26:

And then, I wanted to also mention that Council Member [and Vice Mayor] Veenker -- And at the NCPA conference, NCPA General Manager Randy Howard, who has been at the helm for 11 years, is retiring. So, he'll be retiring probably in May of 2026. So, they are actively looking at his successor. Vice Mayor Veenker is also on the executive ~~commission~~ - committee -- to NCPA. So, she'll be very actively engaged on the selection of the new General Manager.

0:46:01:

And that completes my report.

0:46:02:

Chair Scharff: Thank you for that. And that brings --

0:46:05:

Commissioner Tucher: Greg, could I please --

0:46:05:

Chair Scharff: Sure. Go ahead.

0:46:07:

Commissioner Tucher: So, thank you. And I think it's so important that we have this report on what is -- what you've observed, from a utility point of view, at Council and at Finance Committee meetings. And that comes back to this UAC, to close the loop. I have commented often that I think the loop needs to be stronger. And so, just to touch on a couple of the things you mentioned from recent Council meetings.

0:46:38:

Time-of-use is on the agenda today. So, I assume we'll get into a lot more of the detail and the color from conversations with Finance Committee and Council on that. There were a lot of them, in depth. Very well-informed questions and conversations on time-of-use. That I look forward to.

0:46:59:

Trolley. The best storage and solar deal. I'll -- We'll talk in a minute about the quarterly report. But the quarterly report says that that deal fell apart at the last minute. Did the deal fall apart at the last minute? 'Cause it's in the headlines of the newspaper last week.

0:47:15:

Director Kurotori: So, the Trolley Battery Storage Project is the stand-alone battery storage system.

0:47:20:

Commissioner Tucher: Um hum.

0:47:20:

Director Kurotori: And, as mentioned -- I think in the presentation and part of the quarterly report -- is actually -- We were looking at other PPAs with solar PLUS storage. So, those did not move forward, in terms of -- So, that was a separate project. Trolley in itself, as a stand-alone battery project -- Yes, that was executed. So, we're moving forward with that. We had some other potential power purchase agreements -- I'm sorry for using three-letter acronyms -- for solar with a combination of battery -- those were not -- those did not move forward for recommendation. So --

0:47:54:

Commissioner Tucher: OK. So, you can imagine the shock of reading the quarterly report that the Trolley -- I think it's APIA, or something like that -- the Trolley deal had fallen apart at the last minute. So, glad to know it didn't.

0:48:07:

Connection rates. You touched on connection fees. These are not something that have come before UAC. Is that correct? Because they're big. They're substantial. They affect residents as well as commercial. And the increases -- I mean, some increases went from no fee at all to hundreds or thousands -- Those fees, if they existed already, whether we're talking about electric, gas, or water, went up by 40, 60, 80 percent. Was there much discussion at Finance about this significant increase connection fees?

0:48:44:

Director Kurotori: Thank you for the question. So, we did -- Actually, as staff, one of my questions was, have these come back -- or, come to the UAC in the past? And they have not. They had gone to the Finance Committee. There was a detailed discussion on those rates. As I briefly mentioned, they were last updated -- pre-pandemic levels.

0:49:02:

Commissioner Tucher: Um hum.

0:49:02:

Director Kurotori: So, what we did is, we went through a very robust process of looking at all the components related to those fees. Now, these fees are established to really reduce the administrative burden. So, if they're a standard type of installation, we don't have to do an estimate for them. So, in the past, we would do an estimate. Right? So, we would go through that process and do individual estimate for those customers. So, what we found is that we could standardize those. And this is not uncommon in the industry. And provide that as a standard, stand-alone cost. So that developers, residents, anyone who's making those connections know what they're looking for. And, as part of that work, we had to update some of the costs, not only for labor, for our contracting costs, equipment costs, and, frankly, disposal. So, one of the issues is that we had much higher disposal costs that we had to incorporate. So, they're really cost recovery. To make sure that when customers do -- new customers, you know -- connect to the system, that we are making sure we're being made whole.

0:50:04:

Commissioner Tucher: Yeah. I don't want to challenge that we HAVE rates -- connection fees -- or that our fees are wrong, or too high. I'm simply saying that, first, I was stunned at the increases -- the percentage increase in these fees. And they weren't chump change. They were, again, hundreds or thousands of dollars, for a home that wants to connect underground, overground, etc. Electric or gas, depending on the width of the pipe. They were really large fees. And I think it's worth asking whether that's the sort of things that comes before UAC, or whether that's just an operational thing that we don't look at. You don't need to respond. It's just a question for us to think about going forward.

0:50:50:

Director Kurotori: Sure. I will mention one of the items that did come through Finance a little more in detail, is that there was a disconnect fee for a natural gas service for residents. So, if a resident goes through the process and electrifies their home, there are monies in the S/CAP program to pay for that disconnection. And so, if a resident decides to eliminate their natural gas water heater and, you know, go to electrify their cooking in their home, and then, now they don't need natural gas,

Don't forget furnaces, fireplaces, etc.

the S/CAP money has funds to pay for that abandonment of the service. So, --

0:51:29:

Commissioner Tucher: I guess I will ask you here, since it came up in Finance, do you think that this sort of thing should come before UAC?

0:51:39:

Director Kurotori: I think part of our process is to follow that past practice of where it goes, and where updates go, as well. I mean, if there is an interest by the UAC, you know, we, as staff, try to be consistent with what has come to UAC in the past and what has not. We plan to actually bring these forth for future updates, as part of the municipal fee schedule updates. So, that will be incorporated with a larger process with the City. So, it will be part of the City collectively. So, it wouldn't be something we could potentially tease out. It might be something we could provide to the UAC, if that is such an interest. But our hope is to get it on a cadence such that those fees remain current.

0:52:24:

Commissioner Tucher: My personal view is that when an item like this is coming before Council or Finance in the weeks ahead, that that be flagged, notified, brought to the attention of UAC, especially given the magnitude of the size of the fees.

0:52:43:

Chair Scharff: You know, I think I agree with Chris. I mean, in general, if it's going to affect our residents' pocketbooks, I think -- you know, and it's not just operations, and it's a choice of how much you charge in a fee, I think we should probably weigh in on it. Especially if it's something that goes to Finance. That's my general opinion.

0:53:09:

Commissioner Mauter: Can I clarify? It's full cost recovery. Like, that's the basis. Right?

0:53:12:

Director Kurotori: Yes. The basis of these fees is a cost recovery fee. So, --

0:53:19:

Commissioner Mauter: It's not like reserves. And like, you know, back to the General Fund, or anything else. It's just straight cost recovery.

0:53:26:

Director Kurotori: These are straight cost recovery for the utility for services rendered. So, just --

0:53:33:

Chair Scharff: So, your point, Alan -- and I think about it, your point -- and Meagan's point -- is that these are really -- these costs are not debated about what they should be. They're just full cost recovery. Because that's -- So, I guess the question is, then, why does it go to Finance? 'Cause they just have to approve the new fee. Right?

0:53:50:

Director Kurotori: If there's a fee increase, --

0:53:51:

Chair Scharff: And we approve it.

0:53:51:

Director Kurotori: -- that would go to the Finance Committee. Or, it could go separately, as a potential action.

0:53:57:

Chair Scharff: OK. All right.

0:54:02:

Commissioner Phillips: Did we agree to something here, or --

0:54:03:

Chair Scharff: No, I don't think we agreed to anything. I was just taking -- 'Cause, in fact, we haven't agendized this item. So, all we're talking about is whether or not this item should come to us. And I just wanted to make that clear. So --

0:54:16:

Director Kurotori: Yeah. There's no action really taken here. I think what I'm hearing is maybe we would bring that back as part of your next Work Plan -- when we update these fees. And these fees would be updated, not -- they'd be updated by the construction cost index, on an annual basis, until we true it up on the municipal fee schedule. And that would be several years out. So, -- if that puts it in any context.

0:54:44:

Chair Scharff: OK. That's context.

0:54:47:

Commissioner Mauter: Can I ask one other question? I did not follow fully Council's discussion about pulling the Work Plan. Could you elucidate why the Work Plan was pulled?

0:55:02:

Director Kurotori: I think there was a series of Work Plans that was going to Council at the same time. It wasn't specific to UAC. So, I, unfortunately, don't have that information on what the specifics were. I'm looking to the Assistant City Manager. Thank you.

0:55:16:

Assistant City Manager Nose: Good evening, commissioners. Kiely Nose, Assistant City Manager. When Council Members pull items, they don't leave a reason for the pulling of that item. So, it could be any number of reasons. Whether it's UAC, ARB, HRB, or any of the number of commissions. We won't know until we bring it forward as an action item.

0:55:37:

Chair Scharff: So, --

0:55:38:

Commissioner Phillips: It was just pulled from the Consent Calendar.

0:55:41:

Assistant City Manager Nose: Correct.

0:55:41:

Commissioner Phillips: So -- And a particular -- and somebody on the -- somebody just -- on the Council just said I want that -- pull that from the Consent Calendar.

0:55:50:

Assistant City Manager Nose: Right. It does take three votes of the Council members to pull an item from Consent. So, three members did support pulling the item from Consent. And so, what that means is, it will be agendized as an action item at a later date, as schedules allow.

As far as I know, Council items that are not Consent Calendar items are not called action items, but that's, in effect, what they are. The City Council Procedures and Protocols Handbook <https://www.cityofpaloalto.org/files/assets/public/v/6/city-clerk/city-charterprocedures/2024-adopted-council-protocols-and-procedures-manual-10.2024.pdf> has three occurrences of the term "Action Items" (on pages 2, 16, and 22), but no text defines what they are. It also has one occurrence of the term "non-Consent Calendar Items" (on page 35).

0:56:02:

Commissioner Phillips: But there was no commentary from them.

0:56:05:

Assistant City Manager Nose: There was not comment at that time.

0:56:06:

Chair Scharff: And it's been put -- and you expect to hear it in January? Is that what I heard?

0:56:10:

Assistant City Manager Nose: Right now, yes, based on the tentative agendas of the Council. They're full through December. But if something opens up, we'll obviously address --

0:56:19:

Chair Scharff: And did the same three Council members pull all the agendas

Work Plans?

that they wanted to pull? So, it wasn't separate votes? Or was it like --

0:56:25:

Assistant City Manager Nose: No, it's one vote, because it was bundled as one item.

0:56:27:

Chair Scharff: OK. Got it.

0:56:31:

Commissioner Phillips: I'm not sure -- And you said that would come back to us? I mean, why?

0:56:38:

Director Kurotori: No. If -- I may have misspoke. That will come back to COUNCIL --

0:56:41:

Commissioner Phillips: OK.

0:56:41:

Director Kurotori: ** So they will -- To the extent that Council has comments on the UAC Work Plan, then we would bring it back.

0:56:50:

Commissioner Phillips: So it's been agendized for a time uncertain in the future? Or did you say January?

0:56:55:

Director Kurotori: So, that's a preliminary kind of look, in terms of when it may come back. As the Assistant City Manager mentioned, if it opens up sooner, then we'll know. And we can inform the UAC as well.

0:57:06:

Commissioner Phillips: Thank you.

0:57:10:

NEW BUSINESS %%

Chair Scharff: OK. I think that brings us to our New Business.

0:57:19:

UTILITIES QUARTERLY REPORT %%

Director Kurotori: So, this is the Utilities Quarterly Report. This item is typically the round-out of the year. So, I wanted to, you know, thank some of the commissioners for providing information on this report. Again, this is your report. We want to make sure it's useful to you, has a level of information and data and rigor that you would like to see. And any ideas in streamlining that report. To see just -- you know, maybe there's some critical information you would like to see on the utility. And maybe there's some information that might not be as useful, 'cause it is in other areas. Maybe that's in the annual budget, or capital budget, and the like. So,

If staff wanted UAC to advise Council regarding what should be in Utilities Quarterly Reports, staff should have agendized this item as an action item. It is not UAC's job to advise staff.

I want to introduce Karla Dailey, who's our Assistant Director of Resources. She'll be leading the initial presentation, really highlighting on how this impacts to your Work Plan. We also have several staff members, both present in the Chambers and online, to ask -- to answer any questions you may have.

0:58:15:

Slide 1: FY 2025 4th Quarter Report

Assistant Director Dailey: Thank you, Alan. So, we do -- You know, this is a large report, and it ha- -- it covers many, many topics. And, given the other important items on your agenda this evening, we're trying to kind of focus on a couple things that we think the commissioners are interested in. Of course, like Alan said, we're available to answer questions I'm going to whip through these slides very, very fast. And then, we have staff on hand to answer questions. Next slide, please.

0:58:47:

Slide 2: UAC Work Plan -- Standing Topics #3 -- Electric System and Supply / 1. Electric Utility

So, one thing that we know there's a lot of interest in is our electric demand. And so, you will have seen in the report that by the end of the fiscal year, that we've -- or, yeah, by the end of the fiscal year that we have seen some increase in load, mostly driven by data center load growth. Next slide, please.

0:59:11:

Slide 3: UAC Work Plan -- Standing Topics #3 -- Electric System and Supply / 1. Electric Utility (cont.)

Also, for the electric utility, we did see higher revenue than expected from rec and RA sales, and therefore a decrease in our cost relative to budget. And some higher RA purchase costs, that did result in -- that we expect will result in some higher costs in FY 2026. Next slide, please.

0:59:40:

Commissioner Tucher: [unamplified]

0:59:44:

Assistant Director Dailey: Sure.

0:59:45:

Commissioner Tucher: Again, "RA" is "resource adequacy." But I'm not quite sure I understand what you -- If you could just take it from the top again.

0:59:55:

Assistant Director Dailey: Sure. Net supply costs for FY 2025 were lower than budget, mostly due to higher revenue received from renewable energy credit and resource adequacy sales. Our cost projections for FY 2026 are -- um -- looking a little higher, and driven by resource adequacy purchase costs and Western Restoration Fund costs higher.

1:00:29:

Commissioner Tucher: I clearly need to do some homework on recs and RA sales, and how higher revenue can affect supply costs. I won't put you on the spot for that tonight. [laughs]

1:00:42:

Chair Scharff: You know, maybe you could just briefly explain why it's changing. Here we made money by selling the RA, and now we're going to have to purchase it. And that's one of the drivers for why we're going from \$77 [million] to \$99 [million]

1:00:53:

Assistant Director Dailey: Yup. Jim Stack is online. I'm going to pass it over to him, because he explains things so well.

1:00:58:

Jim Stack: Yes, I can handle that question. Commissioner [and Chair] Scharff, the reason we have both purchases and sales is because we have two separate requirements on RA. There's a local requirements. And there's a system-wide requirements. Local RA is for purchasing RA generation resources in specific load areas or constrained areas.

1:01:20:

**:

I know what that means.

1:01:22:

Commissioner Tucher: I'm sorry to interrupt. But since we're going to take the time to go into this -- Thank you very much, Jim -- Could you then explain what resource adequacy means, and why we buy or sell it?

1:01:36:

Jim Stack: Sure.

1:01:36:

Commissioner Tucher: It came up, for example -- It looms very large as we thought about the 50 MW battery deal. We thought about the timing of that deal -- in '29 versus RA budgets for '27. I'm not -- I certainly do not understand what resource adequacy is, and why we buy it. I don't know about the others.

1:01:57:

Jim Stack: OK. Resource adequacy is an energy market product, or kind of construct that's designed to assure that the grid remains reliable all throughout the year. So, it's separate from energy. It's -- Basically, the ISO -- the California Independent System Operator -- gives all utilities requirements to come up with a certain amount of capacity. So, kind of generation assets that can be called on when the grid is strained. You know, in the afternoons and during the summer, for example. And so, we have to procure enough capacity to satisfy our peak demand that we have forecast, plus a little extra. Like 15 percent reserve margin. And we just have to, you know, buy that attribute of generation assets around the grid, you know, to satisfy those requirements, and assure that we have enough capacity that we can depend upon to keep the grid reliable all throughout the year -- every month of the year. And so, the reason we have some purchases and sales is because we have -- in our portfolio, we have more than enough system capacity that we need, but we don't have enough local capacity. So, we have -- we can -- Every year, we tend to sell some of our resources as system capacity, or system RA. And then, we also purchase some capacity from a local RA. So, that's why we have --

1:03:20:

Chair Scharff: Why don't you explain to us what the difference between system and local is, just so we got it?

1:03:24:

Jim Stack: Sure. Yeah. I was trying to get to that earlier. But local capacity is capacity that's located in certain constrained areas, where there's high load relative to the amount of generation. For example, the Bay Area. Or, you know, the LA Basin. These are kind of areas where the grid operator -- the ISO -- is trying to incentivize more generation being built. And so, there are sort of special requirements to, you know, ensure that enough capacity is built there. And so, the capacity gets priced a little bit higher. That's the reason for the difference between those two products.

1:03:59:

Commissioner Tucher: Jim, I mentioned a moment ago the Trolley battery storage deal. And when Council discussed that, there was a lot of discussion about, you know, this is great, but it's buying battery power from far away. Southern California. What about local grid-scale battery storage and solar development? Is that the same distinction that you're drawing between local and remote? Is it -- are we --

1:04:29:

Jim Stack: Um.

1:04:30:

Commissioner Tucher: Do you know what I'm referring to?

1:04:34:

Jim Stack: I think I understand --

1:04:34:

Commissioner Tucher: -- when you presented to Council, you talked about Trolley -- you talked about Southern California's storage deal. And that's what this 50 MW deal is. But the question came up from several Council members, what are we doing to build local battery storage?

1:04:53:

Jim Stack: Yeah. In terms of building battery storage within the City itself, that's something that we look at from time to time. Every few years, I think we do a report to the state on, you know, whether we should procure more storage capacity locally. Whether we should set a requirement to purchase storage capacity either locally or remotely. And we do an assessment of what the costs are at the time. So far, we're finding that, you know, a) there's not a lot of space for a large-scale storage facility within the City limits. It's also quite a bit more expensive than it is to purchase capacity down in Southern California. It's also more economically more beneficial for us to buy down in Southern California, because they have so much solar down there that they have much more disparity between the middle of the day prices and the evening prices that we can kind of --

1:05:43:

Commissioner Tucher: Thank you. I didn't mean to take you on a tangent. I'm sorry. Greg, do you have other questions?

1:05:48:

Chair Scharff: No, no. I'm ready to move on.

1:05:51:

Assistant Director Dailey: Next slide, please.

1:05:55:

Slide 4: UAC Work Plan -- Standing Topics #6 -- Reliability, Resiliency, and Adaptation / 1.3 Reliability (Electric)

So, we did add some information to this report regarding reliability, both for the electric utility and the gas utility. And, again, I'm going to just briefly show these. And then, we have folks online from engineering and operations who can answer more detailed questions, should you have any. But the takeaway from the electric reliability is that we are about five times more reliable than PG&E's local system. Next slide, please.

1:06:26:

Chair Scharff: So, before you go on, that was the one question I had. Just when you talk about this being more helpful. I don't really care that much how reliable we are compared to PG&E. I actually care how reliable we are compared to Santa Clara and Alameda.

On 02-04-23, I sent UAC a message about electric reliability (pages 5-8 here):

<https://www.cityofpaloalto.org/files/assets/public/v/2/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2023/03-mar-2023/public-letters-to-uac-march-2023.pdf>

SAIDI (System Average Interruption Duration Index) is the average number of minutes of outage per year for an electric customer.

SAIDI from Santa Clara (Silicon Valley Power) is hard to find. Google "site:siliconvalleypower.com SAIDI" no hits. But this document

<https://www.siliconvalleypower.com/home/showpublisheddocument/62481/637268684502400000> says SAIDI varied erratically from 26.87 (2010) to 117.5 (2009) between 2009 and 2018.

SAIDI from Alameda Municipal Power varied between 34.3 and 59.0 (during the year from April 2024 to March 2025).

<https://www.alamedamp.com/AgendaCenter/ViewFile/Item/8879?fileID=4876>

SAIDI from Fort Collins, CO, varied between 10.0 and 30.0 (from Q1 2019 to Q2 2025).

<https://fortcollins.clearpointstrategy.com/economic-health/electric-system-average-interruption-duration-index-saidi-in-minutes/>

I don't know why we wouldn't be interested in comparing Palo Alto to Fort Collins. Sure, Fort Collins isn't nearby. So what? Fort Collins has a harsher climate than Palo Alto. (Fort Collins' electric infrastructure is virtually all underground. Can we learn something from that?)

I assume we're always going to be more reliable than PG&E. So, if we're NOT, I'd want to know. But I really do -- I've never sat in a meeting where you say, God, we are so less reliable than PG&E. So, I'd really like to know how reliable we are compared to Santa Clara.

1:06:58:

Director Kurotori: Um. So, let me just give a little background. The reason why we look at PG&E as a neighboring is because of the location, and, frankly, where we have some spaces that are similar to PG&E, in Mountain View and some areas, where we have not only suburban areas but we're also in the foothills. So, having a neighboring entity with the same type of climate, and, frankly, if their storms are very similar, that's helpful for us to benchmark against. We can certainly look, and we can, you know, pick through data from Santa Clara and Alameda, --

1:07:38:

Chair Scharff: So, Santa Clara would be the same. Right? Same climate. It's a suburban. Similar. They have single-family homes, --

1:07:45:

Director Kurotori: They have single-family homes. They --

1:07:46:

Chair Scharff: **

1:07:46:

Director Kurotori: Exactly.

1:07:48:

Chair Scharff: We don't have foothills -- Right? -- in Santa Clara, if I recall.

1:07:49:

Director Kurotori: Do not -- They do not have any foothills. They are completely surrounded by other urban cities.

1:07:54:

Chair Scharff: Right.

1:07:55:

Director Kurotori: You know, we can certainly provide some of those metrics as well. But, you know, that's some of the thought process in looking at the neighboring type of service territory --

1:08:05:

Chair Scharff: Um hum.

1:08:05:

Director Kurotori: -- in proximity to Palo Alto.

1:08:07:

Chair Scharff: I mean, it's just been my experience, sitting up here for a long time, that PG&E is a low bar. For a lot of things. I mean, we can disagree, maybe. But I'm not sure do. So, I'd like to see Santa Clara. I'm not saying you shouldn't tell us about PG&E. But I'd like to know how we do with Santa Clara. And I'd be fine with you saying, yeah, in Santa Clara, we're not as -- our outages are more frequent, but they're more frequent because of the hills. Right? I mean, that's a fine explanation.

IF that were the explanation, then could we expect SAIDI to go down as the undergrounding project in the foothills is completed?

1:08:37:

Director Kurotori: OK. Thank you.

1:08:39:

Commissioner Phillips: I'd like to continue to see the PG&E comparison, because, in some sense, that's the alternative. If we, you know, didn't have a utility here, we wouldn't be connected with Santa Clara. We would be on PG&E.

I don't get the motivation. Do we really need to remind folks of what would happen if the City sold its electric utility to PG&E?

And, presumably, experience something similar. So, you know, saying let's look at both. And I haven't been up here as long as you --

1:08:58:

Chair Scharff: Look, I'm not saying we shouldn't look at PG&E. But the point is, they're always going to say we're better than PG&E. I've never seen us not be better than PG&E. But what I would say is, how are they running their utility compared to how Santa Clara runs theirs? They're both smaller. It's really a metric of how well is our utility doing? And you can't compare Palo Alto to PG&E. They're like COMPLETELY different entities.

1:09:19:

Commissioner Phillips: But it's the local -- it's the local -- you know, it's -- what is it? -- the local PG&E reliability. Right? It's not PG&E's system. It's the local --

1:09:32:

Director Kurotori: It's the one in Mountain View and Los Altos.

1:09:34:

Commissioner Phillips: Yeah. So, I mean, I think it is comparable.

1:09:35:

Director Kurotori: -- type of equipment and kind of the terrain. But, you know what, we can take as -- take that back as -- just add in the Santa Clara information. Which we certainly can do.

1:09:48:

Chair Scharff: I wasn't advocating for doing away with the PG&E. I was advocating for --

1:09:51:

Director Kurotori: -- for the addition -- addition of --

1:09:53:

Chair Scharff: Yeah. Let's figure out what's going on in Santa Clara.

1:09:55:

Commissioner Phillips: I also found the "five times more reliable than PG&E system" -- that made me -- that's like reducing prescription drug prices by 200 percent or something. I had to really think about what that meant.

Mathematically, reducing the price by 200 percent means is changing the price from positive to negative.

1:10:13:

Assistant Director Dailey: Next slide, please.

1:10:16:

Slide 5: UAC Work Plan -- Standing Topics #6 -- Reliability, Resiliency, and Adaptation / 2.3 Reliability (Gas)

Likewise, we reported some data around the gas system reliability. Most of the outages for gas are due to times that we need to repair broken or damaged mains. And it is -- by far most often, those situations are caused by excavation by third parties.

How often did the third parties seek information about where the infrastructure was before digging? How often was that information inaccurate? Etc.

Next slide, please. Or, that might be it. That was it. So, we do have a number of folks standing by to answer questions about those topics, or anything else that you would like to discuss. Thank you.

1:10:59:

Chair Scharff: Meagan.

1:11:00:

Commissioner Mauter: This may be something you need to come back on, but the cross-bore program that we sort of contentiously continued funding a couple of years ago -- Do we -- Can we get updates on that in these reports? And, I think, specifically, you know, we decided to keep funding that because we thought that it was important to make sure that we were de-risking like the exposure and risk? 'Cause really it's significant. And there was a concern that, hey, we weren't finding anything. But if we ARE finding things, that might warrant us like reverting back to an accelerated schedule. Or, if the risk profile of those different, you know, groupings -- clusters of customers that we were doing that analysis for has changed, based on more information, I do think that that's something that we should be paying to.

1:12:00:

Assistant Director Dailey: Thank you for that. We are in the process of hiring some hourly employees to help us do that work. And, yeah. We hear you, that you would like to know what's going on there.

1:12:10:

Chair Scharff: [unamplified] Cross -- Yeah. That's where they were. That's natural gas. That's where they're worried that, you know, tree roots --

1:12:19:

Director Kurotori: Your microphone is -- Chair -- your microphone's -- Thank you.

1:12:22:

Chair Scharff: Sorry about that.

1:12:25:

Commissioner Phillips: Um. If we're done with that topic -- I -- Just a minor thing is -- on like Figure 4, Figure 5,

page 10 of the report.

the sales revenue and sales volume, could you provide the totals? I mean, I was looking at these, and these have percentage differences, but you know, I can't look at those and get the total. So, both presented in the report, but also on the slides. Also --

1:12:53:

Assistant Director Dailey: Absolutely. Thank you for that.

1:12:54:

Commissioner Phillips: Please. Please. Um. Also, in the wastewater side, I noticed the -- you know, the capital work in progress -- the WIP -- comes to \$496 million. Is that -- That's only partially going to be paid by Palo Alto. Is that correct? And, if so, what part are we paying? I assume -- I thought ours was closer to \$370 [million]. But maybe I'm mistaken. Is that the total cost, or the cost we're paying? I'm talking about Figure 17 on packet page 25

That is, page 22 of the report.

1:13:32:

Director Kurotori: That's the -- Thank you for that question. So, on that -- it's page 25 of the packet. So, that was -- yes -- \$496 million. That was for the total construction cost related to the wastewater treatment plant. And then, Palo Alto would be responsible for that share. Karla, I'm going to try to put you on the spot. But I thought that was based on the flow percentage, which, I think, in the report was 37 percent. Please correct me if I'm wrong.

1:13:59:

Assistant Director Dailey: It's more in that range. Yes.

1:14:03:

Commissioner Phillips: Maybe in a future report, we could include the Palo Alto portion, as well, since, I think, you know, that's what I'm most interested in. Rather than the total. Thank you.

1:14:17:

Chair Scharff: All right. Chris, yeah.

1:14:18:

Commissioner Tucher: Yeah. I have a broader question about the Quarterly Report in general. And maybe this is something that we just need to sort of discuss here in the family. I mean, in the UAC itself.

How could that be arranged? If it's at a UAC meeting, how does the item get agendized?

But, as I understand it, these Quarterly Reports keep coming. They're obviously a lot of work to put together. I'm learning that they're actually just meant for an audience of us.

And the public. And Council. Especially if UAC explains to Council why they should be interested.

Like these are produced -- correct me if I'm wrong -- for the UAC. And, in my opinion, having looked at 3 or 4 of these now,

For more clarity, look at more reports.

There used to be four Utilities Quarterly Reports per year. Now there are three. Who thought that was a good idea?

I'm not even sure what they are. They're certainly not a financial report.

John Melton served as a UAC commissioner from March 2004 to April 2015..

<https://www.cityofpaloalto.org/files/assets/public/v/1/city-clerk/resolutions/reso-9506.pdf>

He was the Financial Manager at Watkins Johnson for 20 years,

<https://www.linkedin.com/in/john-melton-13166030>

so he knew what financial reports should look like, and encouraged staff to make Utilities Quarterly Reports look that way.

They don't even have costs and expenses on a per-utility basis. There's not a single mention of labor costs, for example. Whether they're going up or down, or what have you. Um. Bob made the point that I've made in meetings before, which is, it's hard to take a financial report seriously when I can't even see what the -- you know, the annual revenue is. The volume of gas sales is. The, you know, peak load of electrical for the year, or for the quarter. You have to take out a calculator and add it up. It's been that way forever.

Forever is a long time. If you go back far enough, you'll find lots of interesting things that have been "streamlined" out over the years.

In 2016, the 4Q Utilities Quarter Report (page 61) reports how many outages occurred for each month of FY 2016, including how many were aerial and how many were undergrounded. (The actual reporting is incorrect. For each month, the SAIDI reported should be the average number of minutes of outage, multiplied by the number of days in the year, divided by the number of days in the month.)

You know, there are statements in here that are simply -- I don't know if they're false or somewhat confusing. But, "Palo Alto's electric supply portfolio is 100 percent carbon neutral." That's -- as we all know -- a bit of a loaded statement. Um. And so, I could go on. And I have written down a bunch of specifics, taken somewhat at random, and passed them to Alan and staff.

UAC's job is not to advise staff. It's to advise Council. Council has the authority to tell staff what to do.

Maybe we'll discuss it. But I think what we really need to discuss is what UAC wants from this report -- if anything at all. It's not out of the question that this is just some vestigial thing that's been coming for years and years no one really wants it. I've always assumed this was an important report for the public and City Council. And the media. But I get a sense, actually, that it's not that. And, you know, if asked to decide right here, on the spot, I'd say just abandon the thing. But -- So, the question that -- I don't know if it's -- I guess it's mostly to us -- is, do we want to talk about whether this report meets our requirements? Or if we have any requirements at all? And if we want it to continue?

1:16:50:

Director Kurotori: So, I just want to address one comment, because I think Palo Alto's very proud of being 100 percent carbon neutral, in terms of buying attributes, on behalf of the residents and businesses, such that we are such. And that's been one of the Council actions for years. So, we -- the utility and the City purchases those attributes for other projects. What we -- to call bucket three, in the state, and around the country, so that we are that 100 percent carbon neutral. Over that total timeframe. It is not on a per-hour basis. So, you know, I can see where your point -- in that regard. But I did want to just mention that as a clarification. Again, appreciate your comments, you know, in terms of how we can revise and make this report better and useful to the UAC. And to the public at large.

And to Council.

So, we can certainly take either comments back from the UAC now or individually, on what you think that may look like. And we could, you know, take that and bring some of those ideas forward.

Director Kurotori misunderstands the role of the UAC. It is not to advise staff. It is to advise Council. UAC advises Council when it votes its advice on action items. For discussion items, it's possible that some dedicated Council members might sometimes infer something approximating UAC's collective advice by scrutinizing the videos of the UAC meetings at which an item was discussed. But it's unrealistic to think that Council members will do that very often.

1:18:02:

Chair Scharff: I find the report useful as is. I mean, I don't really have any comments other than that.

1:18:10:

Commissioner Mauter: My two cents is that transparency, both to our citizenry and, you know, any people who are attending these meetings is really important. And this is our only tool for visibility into what staff are currently working on when investments are being made, etc., after we approve a budget.

UAC doesn't approve a budget. UAC might advise Council that Council should approve a budget.

So, I value these reports. They certainly help orient me, in terms of challenges broadly. And I think if there are additions or changes, we should absolutely talk about how to make them more valuable. But, I think, in -- you know, with the goal of transparency for a locally-owned utility kind of requires that we have some sort of report out.

1:19:01:

Commissioner Tucher: Well, I don't think it serves transparency to have our most -- our largest, most important capex project -- Grid Mod -- is, I think, item 11 in the long list of short updates, that tells me that 66 telephone poles have been installed, but really gives me no sense at all of where does Grid Mod stand? Maybe that doesn't belong in a Quarterly Report. I happen to think it does. And it certainly doesn't match up with what we do on wastewater. I would eat my hat if anyone on UAC could explain the -- you know, the cost analysis on the wastewater plant, which goes into, you know, pay-go, you know, financing and all of that, but really doesn't tell me what our cost position is in the wastewater project. So, it -- I don't mean to -- I'm very sympathetic of staff needing to produce this very large report.

The Utilities Quarterly Report for Q3-A4 2025 is 45 pages. The Utilities Quarterly Report for Q4 of 2016 was 70 pages.

https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/reports/uac-informational-reports/2016-informational-reports/11-02-16-meeting/informational-item_-utilities-quarterly-report-4th-q-fy-2016.pdf

In other words, Utilities Quarterly Reports used to have more information in them, before staff started "streamlining" them.

when you also have all the discrete agenda items that come up every month for us and for Finance and for Council. Um. And then, to also do this, for just -- you know, I don't think there's an audience for the report. At least not in the shape it is today. We can't call it a financial report. You know. It talks over and over about "financial health," but doesn't talk about costs. It doesn't -- You know, it talks about reserves, with no explanation at all as to why we are, in electric, for example, below our target reserve this year. And, I don't know, It was a very short, I don't know, 10-word explanation as to why, at the end of '26, we'll be above the goal. I -- It didn't explain it, or provide any numbers.

1:20:41:

So, I'll stop there. If -- And I will pursue it offline if it's useful, Director.

UAC's job is not to be useful to the Director.

But, you know, I think Council -- I think the Commission really needs to think about -- since this is done just for us, not for the public -- who I don't think looks at it --

Over the past two decades, I've spent hundreds of hours looking at Utilities Quarterly Reports.

we should consider whether it's a good use of time.

1:21:05:

Chair Sharff: It's available to the public. Right?

After the City adopted a new system for indexing the website (04-09-21), documents older than 2016 became inaccessible through the index. Before that, documents as old as 2002 could be accessed.

1:21:07:

**:[unamplified] The packet's agendized.

1:21:09:

Chair Scharff: Yeah. It's agendized.

1:21:10:

Director Kurotori: Yes. It's in the packet. It's agendized. And it -- it has evolved, you know, as I understand, over time, working with the UAC and what information they would like to see, and what's useful, and -- to the public, so they can understand more about the utilities, and how it's provided. Again, you know, this -- open to -- as the commission sees fit, on making adjustments. Or enhancements to the report. Or subtractions.

1:21:42:

Commissioner Phillips: Yeah. I hate to weigh in at this late date, but I had some of the same thoughts reading through it about, you know, this seems like a lot of work for staff to put this all together. Maybe it's not. Maybe it's, you know, mostly boilerplate, and it rolls -- you can put a few new numbers in. But, you know, I didn't have time to think about it. But basically, this kind of quarterly report -- the kind of content I would like to see in -- most of it's in here -- is, you know, updates on the key projects, you know, or news about things that impacted the utility in some way or the other, good, bad, or -- I don't know about indifferent, but good or bad -- since the last time. Tracking metrics, you know, which -- the key metrics which we've established, and we talk about, even in the Work Plan, how are those going over time. And then, you know, financial condition. And I think those three things -- And then, with the presentation, you know, like you gave, that kind of highlights, here's the -- you know, most of it -- hopefully, things are running down the middle of the highway, but here's four items you should be aware of that are, you know, veering away from what we anticipated. Um. But I haven't really thought about it enough to really have much useful -- beyond that. I mean, I prefer it the way it is to like saying, well, let's get rid of it. Because I do get a lot of useful information from it. But I'm not quite far enough along to say, OK, here's A, B, C, D, and E that I think could be changed. So, the question is, should we have a separate agendized item to discuss it.

Sounds good. It should be an ACTION ITEM, so UAC can vote its advice to Council, and Council can require staff to make the necessary changes.

I don't know. Or, should, you know, a commissioner or two of you and I could take it up with Alan.

It's not the UAC's job to take it up with Alan.

1:23:38:

Assistant Director Dailey: I will add, just for historical context -- Last year [?] was the first year we ever had a discussion on the Quarterly Report, in my long history of being an employee with this utility. It used to be always an information-only report. And so, this is the second time we've had a discussion.

I distinctly remember that, years ago, UAC sometimes discussed Utilities Quarterly Reports. In this letter of 10-31-17 (page 19)

<https://www.cityofpaloalto.org/files/assets/public/v/1/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2017/12-06-2017-meeting/public-letters-to-the-uac.pdf>

I said, "Also, in the old days, UAC used to agendize discussions of Utilities Quarterly Reports as they became available, just in case the commissioners had any questions about them. I think that was a good idea, and maybe UAC should start doing that again. What do you think?" Unfortunately, it's no longer possible to verify this by looking at old UAC agendas online.

1:23:58:

Commissioner Tucher: [unamplified] But "no action is requested" it says here.

What this means is, "No action is PERMITTED here."

1:24:02:

Chair Scharff: Yes. So, now we can move on

1:24:06:

2:46:40:

COMMISSIONER COMMENTS

Chair Scharff: And then, we're on to the last item, which is Commissioner Comments and Meeting Events. Do we have any Commissioner Comments?

2:46:52:

Chris Tucher: [unamplified] Yes. [amplified] Let's see. I -- Just in closing, I want to, well, call attention to an article in the local paper, called "Data centers drive surging electricity demand."

09-17-25: "Data centers drive surging electricity demand in Palo Alto" -- Gennady Sheyner, Palo Alto Online.
<https://www.paloaltoonline.com/technology/2025/09/17/data-centers-drive-surging-electricity-demand-in-palo-alto/>

And reflect on the number of times that we here at UAC have asked for perhaps a discussion -- I think it is now in the Work Plan.

UAC's 2025-2036 **Workplan**'s Standing Topic 3 (Electric System and Supply) -- available here under Item 6 --
<https://cityofpaloalto.primegov.com/Portal/Meeting?meetingTemplateId=16240>
says, "Discuss and advise City Council regarding electric system and supply portfolio, including grid modernization, second transmission corridor, power portfolio, smart home technologies, distributed energy resources, competitiveness of the city for **data centers**, and coordination with Palo Alto Planning Department to enable technological improvements."

Incidentally, this source
<https://www.cityofpaloalto.org/files/assets/public/v/4/city-clerk/board-and-commission-handbook.pdf>
seems to say they should be called work plans, not workplans.

And I wouldn't be -- I'm not certain, but it's in the -- probably calendared in the months ahead.

The 10-01-25 12-month rolling calendar
<https://www.paloalto.gov/files/assets/public/v/1/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2025/10-october/10-01-25-rolling-calendar.pdf>
says only that "Data Center Competitiveness" should be scheduled sometime.

I'd like to see the potential down sides of data centers included in the item. Data centers would increase the City's resource adequacy requirement, which would potentially raise electric rates. Some data centers use more water than others. Is that a good use of Hetch Hetchy water? Are purple pipes an option?

04-08-25: "Thirsty for power and water, AI-crunching data centers sprout across the West" -- Felicity Barringer, Stanford
<https://andthewest.stanford.edu/2025/thirsty-for-power-and-water-ai-crunching-data-centers-sprout-across-the-west/>

But it seems really important that we get a little bit ahead of -- or at least catch up with all this enthusiasm for data centers. Enthusiasm that I personally think is misunderstood, or lacks analysis. This article talks about "surging data center." I've listened to Council members talk about data centers growing and growing, with no end in sight. It's used as, I think, a -- It's a major chunk of the load forecast, starting this year and going over 5-10 years. But never is there a discussion about who these data centers are. In other words, who these customers are that are building data centers, why they'd be building them in Palo Alto, whether Tesla is an absolute anomaly, or whether there are indeed very good reasons that a large tech company would want AI data centers here, where power is cheap relative to PG&E, but not cheap relative to the Columbia River gorge. And so, it's hard to understand if -- Well, I'd love to see that staff understands -- and what the local market opportunity and trend is for data centers. Because in all the talk, in Council meetings and in newspaper articles, there does seem to be a lack of that detail. It -- You're led, from this article, to think that we have massive -- or, you know, a major load increase is coming, starting right now. 12 percent is one number. I can't remember the number. It -- gigawatt-hours. Something like -- I want to say 2,200 gigawatt-hours over time. All driven by data centers.

The City's 2023 Electric Integrated Resource Plan (page 22, Table 4)
<https://www.cityofpaloalto.org/files/assets/public/v/2/agendas-minutes-reports/reports/city-manager-reports-cmrs/attachments/2023-irp-report.pdf>

says additional data centers might require 0 GWh (low estimate), 161 GWh (mid estimate), or 230 GWh (high estimate) by 2045.

Assuming the data centers' power use is continuous, that's 0 MW (low estimate), 18.4 MW (mid estimate), or 26.3 MW (high estimate) by 2045.

Tesla's Dojo supercomputer uses 1.8 MW per Exapod (as of 2021)
<https://perspectives.mvdirona.com/2021/08/tesla-project-dojo-overview/>
and Tesla's data center in Palo Alto has 7 Exapods.

<https://dgtlinfra.com/elon-musk-data-centers/>

So, that's 12.6 MW. So, the City is estimating at most two additional data centers the size of the existing Tesla data center by 2045.

10-02-25: "The Breakthrough Behind Colossus 2 -- What No One's Telling You" (30:49)

<https://www.youtube.com/watch?v=RxuSvyOwVCI>

This entertaining video talks about energy and cooling challenges for the Colossus 2 data center (1 GW) in Memphis, TN.

Let's please get a deeper understanding of that in the months ahead. I'd love to see us agendaize that.

2:49:40

Chair Scharff: Anybody else?

2:49:44:

Commissioner Phillips: Yeah. I mean, it's been one of my pet topics. And I'd like to see more than just an understanding. You know, what is our stance? Are we -- Is this something we should be going out and saying, yeah, we want to build more data centers? That would be great, because it would lower the rates? Or, no, we don't? Or -- you know, from a utility point of view, not -- There's other aspects to data centers from a City point of view that need to be considered. But, as a utility, it would be great if we had another -- I don't know -- 5-10 MW, because that would lower commercial- or, residential rates? Or not? I don't know.

2:50:19:

Commissioner Tucher: I think this involves CPAU going out -- And maybe you do this already, but talking to local industry experts who can comment on this, talking to our current --

2:50:30:

Chair Scharff: I believe he has the information. You just need to share it.

2:50:33:

Commissioner Tucher: You believe that. Well, we've --

2:50:35:

Chair Scharff: Well, I know he got it from Santa Clara. 'Cause I know Santa Clara's got this, so --

2:50:39:

Commissioner Tucher: Santa Clara does not have our local customers. But OK. I think the point's taken. I'll --

2:50:46:

Director Kurotori: Just -- I know that's not on the agenda. But, in terms of the comments, as I mentioned in the Director's Report, it is bringing that back and agendaizing

2:51:38

END

Romero, Rachael

From: Robert Tobin <r.tobin@icloud.com>
Sent: Saturday, October 4, 2025 1:05 PM
To: UAC
Cc: Burton, Kaylee; Romero, Rachael
Subject: Proposal for 'AMPS to the Home' Study and Program

Categories: UAC

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

After reading the two articles in the Daily Post, listening to the recent UAC Gas Decommissioning discussion on YouTube live, reviewing the Bay Area Air District requirements for home water and space heating appliances, and checking out the PA Utilities upgrade web pages the following concept for a study and program came to mind. I hope you find it thought provoking and useful. I would upgrade my home electric panel and start figuring out my plan for home appliance upgrades if the CPA brought enough power to my electric meter. The cost to get enough power to my electric panel was the reason I chose not to proceed with the Heat Pump Water Heater incentives.

AMPS to the Home Program Objectives

To reduce the impediments to homeowner electrification

To shorten the timeline to achieve Bay Area Air District, and CPA Electrification and Gas Decommission objectives

AMPS to the Home Study

Establish an AMPS to the Home team and staff leader

Mine CPA building permit and CPA electric utilities data to map numbers, locations, and ages of homes with low AMP (say 125A) electric service

Build A CPA aging model based on the rate of home demolitions to estimate a timeline for phase out of older low AMP homes

Quantify the number of homes with above ground and below ground electric service needing upgrade to 200A or above to support homeowner electrification

Set a goal for city funded electrification from CPA electric pole or street electric service to the homeowner electric panel

Develop a funding profile and model for CPA to deliver 200A to older low AMP homes

Survey older low AMP homeowners to see how many would upgrade their electric panel and begin home electrification

Determine if the Study is to be done solely by in-house staff or whether a consultant/contact is also needed

Earmark say \$5-10M for the AMPS to the Home Program

Rational

Significant effort is being made by Cities, Counties, Regional Districts, and the State to reduce gas use and electrify homes with the goals of increasing clean renewable energy use and improving air quality.

Homeowners are the last mile in this long and complex energy evolution

The part of this process that receives the least attention is the decision making and cost homeowners will bear to reach the goal (The Utilities Upgrade web page is excellent but places the AMPS to the Home burden on homeowners)

To encourage early adopters and assess public willingness, bring 200A to every home in CPA that needs it

Romero, Rachael

From: Avroh Shah <avrohshah@gmail.com>
Sent: Sunday, October 19, 2025 9:16 PM
To: UAC; Sven Thesen
Subject: Reiterating Our Request to Present on Natural Gas Health Findings

Categories: UAC

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Dear Utilities Advisory Commissioners,

I hope you are doing well.

I would like to kindly follow up on my previous email, reiterating my request to have a brief agenda item at an upcoming UAC meeting to present alongside Sven Thesen and potentially other experts on the recent scientific findings on the health impacts of natural gas, particularly on its negative impact on indoor household air quality.

I appreciate your time and consideration, and I hope that we can have an opportunity to bring this topic alongside potential solutions to the Commission's attention soon.

Warmly,
Avroh Shah

Romero, Rachael

From: Avroh Shah <avrohshah@gmail.com>
Sent: Saturday, October 4, 2025 12:01 PM
To: UAC
Cc: Sven Thesen
Subject: Requesting an Agenda Item about Natural Gas at a UAC meeting

Categories: UAC

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Mark Safe

Report

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Dear Utility Advisory Commissioners,

I hope you are doing well. My name is Avroh Shah, and I recently spoke alongside Sven Thesen during public comment at the October 1st meeting regarding recent scientific findings on the health impacts of natural gas use indoors. We would like to respectfully request an agenda item at either the November or December UAC meeting dedicated to reviewing these findings and exploring potential solutions in light of the new research. We would also greatly appreciate the opportunity to invite experts and share our own testimony on this important issue.

Best,
Avroh Shah

Romero, Rachael

From: Dave Warner <dwar11@gmail.com>
Sent: Tuesday, November 4, 2025 3:14 PM
To: UAC
Subject: UAC: Palo Alto Water & Sewer Affordability
Attachments: Palo Alto Water and Sewer Affordability 2025-11-4.pdf

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This message needs your attention

- This is a personal email address.
- This is their first email to you.

Mark Safe

Report

Powered by Mimecast

Hi,

Would you distribute the attached letter to UAC members?

Kind regards,

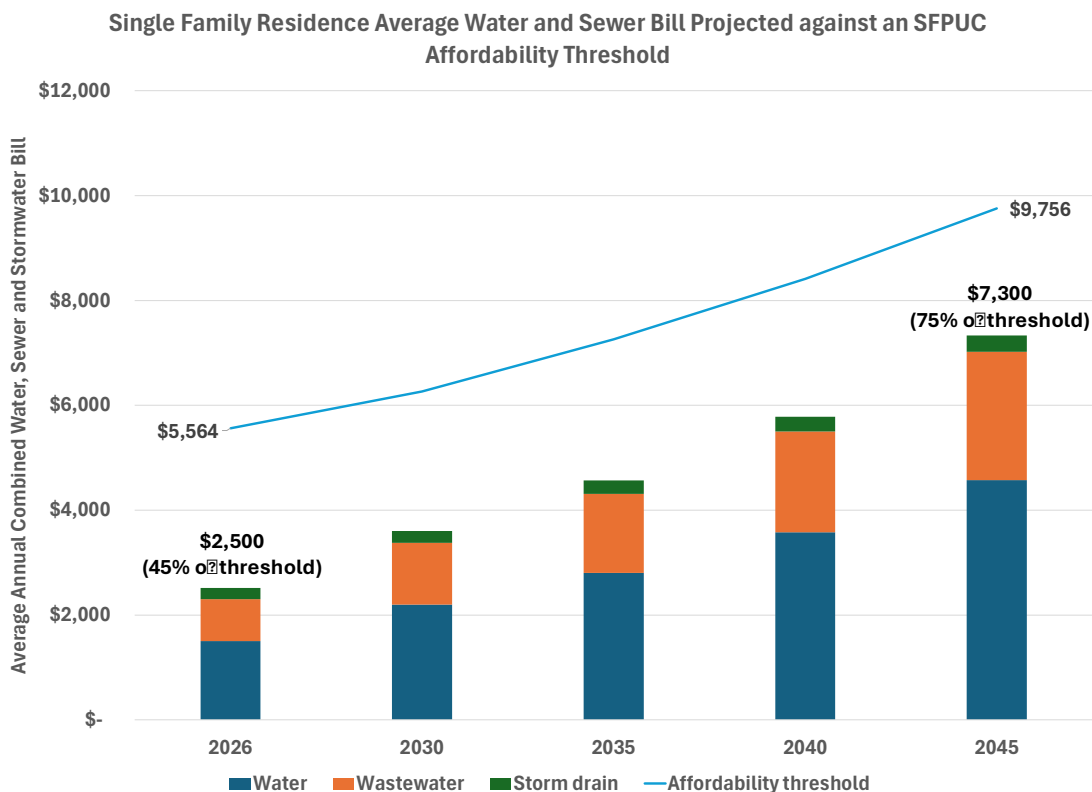
Dave Warner
754 Palo Alto Avenue

November 4, 2025

Re: Palo Alto Water and Sewer Bill Affordability

Dear Commissioners,

With Palo Alto's median annual household income in the \$240,000 range¹ today one might think that there's no way Palo Alto could have an affordability problem with its water and sewer bills. However with the proposed rate increases through 2030 followed by more modest increases,² Palo Alto comes surprisingly near an affordability threshold.



¹ Calculated by increasing the 2023 census estimate of \$220,000 by 3% per year for 3 years.

² Palo Alto is projecting 10% annual increases in water rates through 2030 along with sewer rate increases that average 10% annually through 2030. The projection then assumes 5% annual increases for water and sewer rates. Stormwater rates are projected to grow at 2% annually.

The SFPUC's affordability policy for San Francisco sets its affordability threshold for the average single-family residence (SFR) bill at 3% of the 40th percentile household income.^{3 4} The chart above applies that methodology to Palo Alto.

If affordability thresholds are calculated based on Santa Clara County median household income or California median household income, affordability looks worse as shown in the table below.

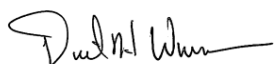
	Median HH income 2026 estimate	40th percentile estimate	Pewrcent of affordability threshold				
			2026	2030	2035	2040	2045
Palo Alto	\$ 240,800	\$ 185,500	45%	58%	63%	69%	75%
Santa Clara County	\$ 174,500	\$ 134,300	62%	80%	87%	95%	104%
California	\$ 105,300	\$ 81,100	104%	132%	144%	157%	172%

Palo Alto's average water and sewer bill is already unaffordable for the median California SFR. By 2045 it would be unaffordable for the average Santa Clara County SFR.

There's likely upside risk for local water and sewer costs. There is certainly upside risk to SFPUC wholesale water rates through overestimated demand, development of alternative water supplies and cost shifting from changes in the Water Supply Agreement with the SFPUC and other BAWSCA agencies.

Palo Alto is already an unaffordable place to live for many Californians due to housing costs. Do we need to have our water and sewer bills added to the problem?

Kind regards,



Dave Warner

³ Palo Alto's 40th percentile income is assumed to be 77% of median household income based on 2025 Bay Area estimated income distribution. Income growth is projected at 3% per year.

⁴ The SFPUC's affordability policy is based on the Environmental Protection Agency's work on water affordability.

Romero, Rachael

From: Hamilton Hitchings <hitchingsh@yahoo.com>
Sent: Saturday, November 1, 2025 5:12 PM
To: UAC
Subject: UAC 2026 Gas COSA Feedback

CAUTION: This email originated from outside of the organization. Be cautious of opening attachments and clicking on links.

Thank you to the UAC Gas COSA Subcommittee and staff for your hard work and collaboration.

The 2025 gas COSA made discretionary accounting changes that significantly lowered costs for small businesses, raised costs for residents and financially discouraged electrification. The 2026 COSA improves upon this by better explaining these changes, distributing the costs more fairly and supporting a residential tiered rate structure that encourages electrification. Staff should also show this fiscal year's total rate increases, not just the incremental change after the 5% increase.

The overall rate increase for gas utility payers remains 5% for Fiscal Year 2025-26. Residential median monthly bills will now increase 13% for fiscal year 2025–26, down from the originally considered 22%.

Small G2 commercial customers will see their median bills drop by about 53%. My remaining primary concern is that the G-2 existing monthly fixed fee drop—from \$170 to \$29 per month—strongly disincentivizes electrification. That's roughly \$8,500 in savings over five years per small business, meaning electrification projects now need to save an additional \$8,500 just to break even financially.

The City's rate-setting standard is "reasonable cost," and I'd argue that a fee higher than \$29 is still reasonable. Since full electrification is one of Palo Alto's top climate goals, this steep reduction directly undermines that objective. This single change could offset much of the progress made by the utility's other electrification programs.

Thanks again for all your hard work.