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San Francisco Mayor Sees PG&E Assets as a 'Great' Opportunity.

- **London Breed awaits feasibility study for possible takeover**
- **She also seeks tech industry's help to tap funds for homeless**

San Francisco Mayor London Breed wants to use PG&E Corp.'s bankruptcy to take over some of the company's assets for the city's power needs, a move that would shake up California's largest utility and remake the state's energy landscape.

Breed said she sees an opportunity to deliver clean power to her residents while keeping rates as low as possible. She's awaiting the release of a study later this month that would outline the feasibility of assuming control of PG&E's local infrastructure.

"I'm pretty excited about it, and I am hopeful that we are able to do it," Breed said in an interview with Bloomberg News Wednesday at City Hall. "It could be great. It could be significant for the future of our city and for the future of renewable energy here."

Breed's remarks showed the potential for sweeping change at San Francisco-based PG&E, which filed for bankruptcy in January under the weight of an estimated $30 billion in liabilities from wildfires. The mayor spoke in a wide-ranging interview in which she also discussed the city's homelessness crisis and appealed to companies to support her efforts to make use of a controversial tax to address it.

'All In'

California leaders have been weighing ways to reshape the state's utilities and their liabilities from wildfires in the wake of PG&E's bankruptcy. Breed said she has been talking to the team of advisers assembled by Governor Gavin Newsom on the issue.

Newsom last week unveiled a range of options for the state to examine, including "municipalization" for PG&E if it didn't change its behavior. Breed said Wednesday that one of her two nominees to the city's Public Utilities Commission, which could help expedite decisions on a takeover, had worked to shut down a PG&E plant in her district as a city supervisor. The appointee, Sophie Maxwell, was "all in" when Breed started talking about the prospect of obtaining some of the utility's assets, the mayor said.

San Francisco now runs a clean-power initiative that buys renewable energy and distributes it on PG&E poles and wires. Breed said that even before she was mayor, she believed PG&E had the resources and technology to make clean-energy changes at a quicker pace.

The city is on track to meet 80 percent of electricity demand under its program, the mayor's office said. Its success is demonstrated by the low numbers of residents opting out, she said, which shows that taking over PG&E's local system would be "just another layer."

"We would be capable of doing it and doing it well," Breed said.

She expects the feasibility study to tackle questions on what the city could acquire, and Breed said she would be sensitive to costs. "The goal is to do everything we can to not raise rates," she said.

Any takeover attempt would face pushback from PG&E's union workers, who "firmly and without hesitation oppose any efforts to municipalize any part of PG&E's service territory, including San Francisco," said Tom Dalzell, business manager for the local unit that represents 12,000 employees. Such public control could jeopardize jobs and pensions, the union said.

In a statement, PG&E said it supports customers' ability to make choices on their energy use.

"PG&E regularly evaluates the way the company is structured strategically, operationally, and financially so that we are best positioned to operate efficiently and to provide safe and reliable service to our customers," the company said.

Homeless Efforts

Beyond PG&E, Breed is grappling with a crisis of homelessness in one of the country's most affluent and expensive cities.

Voters in November approved a tax on businesses' gross receipts above $50 million to boost homeless services, but the legality of the measure is being challenged. The city's board of supervisors this week approved Breed's plan to give companies tax breaks if they waive their rights to refunds should the court rule the tax is invalid.

While she "hasn't heard a word from anyone just yet," Breed said she hopes companies such as Salesforce.com Inc. would participate. The company's co-chief executive officer, Marc Benioff, was a vocal supporter of the tax measure, called Proposition C.

"We plan to opt-in and we hope other companies will join us," Salesforce said in an emailed statement after the interview.

Breed plans an outreach to companies stressing the plans for the funds, such as additional shelter beds and mental health programs. "A lot of companies want us to solve this issue," she said. "I would say to them, 'Can you just support this?'"

Breed's plan for a 200-bed center for homeless people on the Embarcadero, near popular waterfront sites, has drawn outcry. She has since extended the time the facility would take to reach capacity and set the lease for a shorter time period. Twilio Inc., a maker of customer-communications software, is one of the companies based near the center. Twilio CEO Jeff Lawson and his employees have voiced support for the proposal, Breed said.

"I want to fix what I see is really the No. 1 problem in this city," Breed said. "And it involves doing things differently and things that unfortunately make us uncomfortable."

Google.org, the tech giant's charitable arm, donated $3 million toward construction of another 84-bed residential facility at Fifth and Bryant streets in San Francisco.

Another issue Breed is tackling is reform of the city's juvenile justice system. Some members of San Francisco's board of supervisors are pushing to close juvenile hall by the end of 2021. Breed has formed a panel to explore alternatives. The panel "is a more responsible way to approach the situation," she said. "There could be a better way to re-envision or re-purpose it."

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— *With assistance by Mark Chediak*