

**Agenda Date:** 8/20/2013

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**TO:**

Honorable Mayor and Members of the City Council

**THROUGH:**

David N. Carmany, City Manager

**FROM:**

Vince Mastro Simone, Interim Director of Public Works

**SUBJECT:**

Report on the Level of Service Provided By Southern California Edison (SCE) and the Options Available to the City to Affect Service Level Improvements.

DISCUSS AND PROVIDE DIRECTION

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**RECOMMENDATION:**

It is respectfully recommended that the City Council consider and discuss the information herein; provide staff with direction as appropriate, and; receive and file this report.

**FISCAL IMPLICATIONS:**

There are no fiscal implications associated with this item.

**BACKGROUND:**

The residents and businesses in the City of Manhattan Beach are subject to numerous service disruptions related to the electrical service provided by Southern California Edison (SCE). Some of these are planned outages in order to make equipment repairs while most are unplanned outages caused by various factors. In any case, the service reliability provided by SCE to the Manhattan Beach community is unacceptable.

**DISCUSSION:**

Over the last few years, it seems as though the reliability of the SCE service to the City of Manhattan Beach has declined from what it was in the past and declined below the community standard for acceptable service. While outages may be planned or unplanned, when they occur they are an inconvenience to residents and impact many businesses and municipal services.

Residents may be affected by food spoilage, not being able to prepare meals, medical devices becoming inoperable or school children not having light by which to study or access to computers. For businesses, outages result in lost revenue and loss of the ability to service their customer base. Restaurants may be forced to close. For municipal services, personnel may need to be dispatched to direct traffic, respond to security alarms or be called in to monitor operation of the municipal utilities.

Planned outages for system upgrades could be considered a positive step in improving system reliability. Incidents do occur which are out the control of SCE such as vehicle accidents and the occasional metallic balloon. The outages that are of concern are the outages caused by failures of the SCE infrastructure. Incidents such as exploding transformers and downed wires not only interrupt service, they present a safety issue for the public.

Another item of concern is the level of communication that residents, businesses and the City itself receive from

SCE. SCE customers complain to the City that information about unplanned outages is not readily available. Most often, they want to know when power will be restored. Although SCE has a number for customers to call, most customers do not seem to know about it. Also, sometimes the information put out by SCE is not accurate. Recently, SCE undertook a project to improve the Duncan Avenue Sub-Station. SCE implemented their usually notification process but the area residents thought the information provided was inadequate. In addition to the routine notifications, they would have preferred a community meeting wherein SCE could explain the need for the project, the duration and what to expect during construction. The community would have had the opportunity to ask questions and get answers. The project commenced without the community meeting which lead to much consternation among the residents. They had great difficulty getting answers to their very important questions. It was not until the project was almost complete that SCE hastily called a meeting on site. Other recent SCE projects include a line rebuild on 9th Street near Aviation Blvd and improvements to the Ditmar Substation in Redondo Beach which serves portions of Manhattan Beach. Information provided by SCE shows that from 2011 thru the present there were 129 service outages of various lengths in Manhattan Beach. According to SCE officials, 60 of those outages were planned. The listing of the causes of the outages is as follows:

- ~ Crew Repairs - 20
- ~ Transformer Failures - 19
- ~ Balloons - 16
- ~ Fuse - 14
- ~ Splice - 13
- ~ Vegetation - 10
- ~ Animals - 8
- ~ Other overhead - 6
- ~ Third party - 6
- ~ Other Unexplained- 17

According to the SCE website, "... an average SCE customer in 2012 experienced less than one sustained outage, and was without power for 1.8 hours, a small fraction of the nearly 8,800 hours in a year. These statistics are tracked as the System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI). When compared to about 75 other utilities nationwide that report this information, our 2011 SAIFI performance was in the top quartile, while our SAIDI performance was in the top half..."

Staff has been asked to provide the City Council with the options available to the City to encourage SCE to improve system reliability in Manhattan Beach. The challenge for the City is great. Success will require support of the City Council as well as that of the residents and businesses. Any process the City undertakes will be lengthy and potentially costly.

SCE is a state regulated utility. They operate under a franchise agreement with the City granted in 1938. The City has very little authority over the operations of SCE. The City is limited to requiring SCE to repair any damage caused by them to city streets. Outside of that, the City must deal with the California Public Utilities Commission (CPUC).

One option is to file a complaint (written or verbal) with the CPUC. Any consumer and/or public official can file a complaint with the CPUC regarding SCE service. This system is geared more for customers with issues concerning rates or their bill. The chances of anything meaningful coming from this process are slim.

The City could opt to file a formal complaint with the CPUC. In order to be successful, the City would need to support the complaint with hard data showing that the service provided by SCE in Manhattan Beach is substandard compared with the service in their other service areas. Likely, this would require engaging a consulting engineer and legal firm familiar with these issues and familiar with dealing with the CPUC.

Another avenue of pursuit would be to work with the local State elected officials. In this case, State Assembly Member Muratsuchi and State Senator Lieu. Assembly Member Muratsuchi has worked with the City in the past and, in fact, has introduced AB 66 to address issues with electrical system reliability. According to the legislative counsel, AB 66 would "require the commission (CPUC) to require an electrical corporation include in annual reliability reports required by specified decisions of the commissions that are due after July 1, 2014, information on system reliability that identifies the frequency and duration of interruptions in services ranked by and list areas with both the most frequent and longest outages, using geographic regions determined by the commission. The bill would require the commission to use the information to require cost-effective remediation of reliability deficiencies if the report, or more than one report, identifies repeated deficiencies in the same geographic region. The bill would require the electrical corporations to post their annual reports on their Internet Web site

Earlier in the year, the South Bay Cities Council of Governments showed an interest in SCE reliability throughout the South Bay. They contacted the firm of Braun Blaising Mc Laughlin & Smith PC, a legal firm from Sacramento, to garner information about the options. Suggestions included:

- Determine whether outages are storm related or caused by lack of maintenance/replacement
- Issue data requests to SCE requesting district or circuit-level reliability reports to gather information to use in conjunction with anecdotal information about the impact of the outages; this information can be used in meetings with SCE executives and CPUC staff regarding reliability issues
- After reviewing the hard data, request a meeting with SCE senior management to present the reliability problems and to request SCE's response and action plan
- If the response is inadequate, develop and implement a plan to selectively intervene in CPUC proceedings for the purpose of obtaining SCE's formal agreement to correct reliability problems and/or their causes
- SCE's General Rate Case is the most effective CPUC proceeding in which to influence SCE spending on system reliability problems; review the latest decision to identify authorized programs in the decision that may be used to correct problems in Manhattan Beach; the next General Rate Case should occur in late 2013 or 2014

The firm suggests that a first phase effort could cost between \$10,000 and \$20,000. The scope of work may include:

- Make contact with SCE's attorneys and distribution staff and communicate initial concerns
- Get the publically available reliability reports
- Draft and send to SCE data requests that ask for specific circuit and district level reliability information
- Coordinate SCE's data responses
- Review data responses and develop a summary of problem areas/causes
- Review the General Rate Case decision to identify authorized funding programs that might be used to correct problem areas/causes
- Request and coordinate a meeting with SCE to present the summary of problem areas/causes and to request an action plan
- Meet with the CPUC regarding the issues
- Review SCE's response and action plan and develop next steps

If the City wants to go beyond this initial phase and formally engage in CPUC General Rate Case proceedings to address the problems, the costs could be up to \$200,000.

**CONCLUSION:**

It is respectfully recommended that the City Council consider and discuss the information herein; provide staff with direction as appropriate, and; receive and file this report.

**Attachments:**

1. Southern California Edison (SCE) Franchise Agreement 1938
2. Manhattan Beach Outage Response