TO: Board of Supervisors
FROM: George P. Doorley, Controller-Treasurer
SUBJECT: Off-Agenda Report on Costs Associated with the PG&E Public Safety Power Shutoffs - Referral from November 5, 2019 (Futures ID 2019-241)

DATE: December 5, 2019

At the November 5, 2019 meeting of the Board of Supervisors (BOS), under item fifteen (legislative file 99187) sub-category "a," entitled "Consider recommendations relating to costs incurred from the Pacific Gas and Electric (PG&E) Public Safety Power Shutoffs (PSPS)," Supervisor Cortese asked for an off-agenda report within 30 days on financial costs associated with the PSPS events on County operations. This report provides that response.

The recent PSPS events have been unique with regard to emergency management preparation, response, and cost analysis. Other related responses to information requests on the recent PSPS events will provide greater details on many operational matters; however, this report will focus on costs to the County for the PSPS events in October 2019. Please be advised that this report provides information on costs associated with the County of Santa Clara as a unit of local government, not other municipalities and districts that exist within the geographic boundaries of Santa Clara County.

There were several unique aspects of the PSPS related Emergency Operations Center (EOC) activations that complicate analyzing associated costs. Most notable of the complications is that existing cost tracking practices center on tabulating additional costs incurred to respond to an emergency or disaster. Specifically, this means the costs to repair or replace property damaged by the event. Even these existing cost tracking practices have their own complications, but PSPS events are unique in that they generally do not create damage that needs to be repaired or replaced. Once the power goes back on there is rarely damage to repair or replace. While there are indeed additional costs to handling such PSPS events, such as overtime and extra generator fuel etc., the true economic impacts from PSPS events are the loss of County services to...
the community during the power outages, and the efforts to arrange redundant practices. This report provides information on such costs, as well as the estimated value of the loss of County services.

Allow me to describe the various cost analysis efforts done during and after the PSPS events, as well as describe the purpose and applicable uses for the information. When the first PSPS event occurred on October 10-11, 2019, the EOC had already been activated for several days due to ongoing labor actions. There was an overlap period of approximately twenty-four hours where the EOC was actively monitoring and supporting response to both the rolling strikes and the first PSPS event. Once labor leadership announced a suspension of rolling strikes, the EOC shifted exclusively to support for the PSPS event. Needless to say, this transition in focus complicates the ability to segregate costs between the labor actions and the first PSPS.

Simultaneously, the Governor's Office of Emergency Services (OES) asked all jurisdictions impacted by the PSPS to report on costs associated with the loss of power by PG&E. To determine such a figure required a different methodology to capture the estimated cost of County services lost by the PSPS power shut offs. As mentioned, existing cost tracking procedures focus on estimating the cost to repair damage, not to assess the value of lost County services. Therefore, a new metric entitled the value of County services impacted was developed. State OES was very clear that they desired a quick estimation of such impacts, and that it was known and accepted to be an estimate based upon averages of service costs. The estimation of the value of County services impacted for the first PSPS event was $1,333,442. This figure is based upon an analysis of the addresses of County facilities that PG&E announced for power shut off. The estimation started with cross referencing addresses received from PG&E with their associated square feet (from Facilities and Fleet Department) compared to average staff (full-time equivalency or FTE) for a facility of that size (from Controller-Treasurer Department) and extrapolated against the average cost of County services for an FTE (from the County's financial statements).

To assess in the midst of the power outage actual costs operating departments were canvassed for costs that were incurred over and above those that would have been incurred absent the PSPS announcement. Generally speaking, these costs were fairly low in dollar terms. In order to assess the cost of running the EOC, prior actual claims for state and federal disaster reimbursement were used to obtain an estimated cost to operate the EOC for a given twenty-four-hour period. The cost over normal expenditures for this first PSPS event was reported as $15,618. The value of the staff supporting the EOC is estimated to be $194,849 per twenty-four-hour period. These are over and above the amount reported as value of County services impacted.
The County's EOC was activated again for a second PSPS event on October 26-28, 2019. Weather conditions meant that a different, and larger, set of addresses was announced to be shut off by PG&E. Similar extrapolation of the addresses anticipated to be impacted was approximately three times larger than the previous event. Using methodology similar to the first event, but with the updated outage duration, addresses, and therefore square footages and staffing levels, to obtain a value of County services impacted of $3,335,328 for the second event. The cost for this second PSPS event was tabulated as $6,097 with the value of EOC personnel being $389,698.

The following table provides a breakdown of the referenced cost and value elements analyzed.

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<th>PSPS 1</th>
<th>PSPS2</th>
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*All tabulations are estimates and subject to revision*

Please feel free to contact me with any questions on this matter.

C: Jeffrey V. Smith, County Executive
   Miguel Marquez, Chief Operating Officer
   Alan Minato, Finance Agency Director
   Dana Reed, Director, Office of Emergency Management
   Megan Doyle, Clerk of the Board
   Greg Iturria, County Budget Director
   James Williams, County Counsel