



Memorandum

TO: RULES COMMITTEE

FROM: Mayor Sam Liccardo

SUBJECT: PG&E Power Outages and
Infrastructure Repair & Resilience

DATE: September 8, 2022

Approved

Date

Recommendation

1. Direct the City Manager to identify a senior team to meet with technical staff of Pacific Gas & Electric in the weeks ahead, to identify and discuss critical local power distribution infrastructure needs in San Jose. Ensure that PG&E prioritizes those needs in its pending capital replacement and repair plan for the coming year, by no later than October 31st.
2. If, by October 31st, staff determines that PG&E's capital repair plan does not adequately protect the health and safety of the San Jose community, direct the City Attorney and City Manager to inform the Council about options that include:
 - a. Whether and how the City might seek a court injunction or PUC order to mandate that PG&E replace or upgrade any transformers or other elements of PG&E's distribution infrastructure at substantial risk of heat-related failure by summer of 2023. Such a mandate might focus on devices or other elements of the infrastructure deemed vulnerable based upon their age, signs of wear, or type of manufacture.
 - b. Whether and how the City might—individually, or in combination with other residents and businesses as plaintiffs --seek damages for harms related to infrastructure-related power outages, including but not limited to costs of business interruption, emergency response, personal injury, and death.
3. Direct the City Manager to report to the Council (as part of its infrastructure resilience workplan, or through other means) the sufficiency of backup or redundant power for telecommunications service providers to keep cell towers operational during extended

blackouts. The report should include information regarding what, if anything, the City can do to require telecom providers to bolster their resilience to outages, particularly in light of possible federal or state regulatory preemption in this area.

Background

In a frustrating and menacing replay of August 2020, fears of heat-induced rolling blackouts resulting from insufficient load capacity statewide did not materialize this week, but nearly 100,000 San Jose residents were left in the dark anyway. That is, San Jose residents suffered from the failure of PG & E's local distribution infrastructure—primarily blown transformers. These failures shut down power to more than 30,000 households. [Two hospitals-- Valley Medical Center and O'Connor--remained without power for several hours.](#) In some East San Jose neighborhoods—such in the retail area around Tully and King—residents reported that the power outages also took down cellular networks operated by AT&T, rendering cellular customers helpless to make a phone call or send a text to seek assistance.

This is unacceptable. These infrastructure failures pose life-threatening risks to our most vulnerable, particularly the elderly and medically frail, some of whom rely upon ventilators and other electrically-powered medical equipment. My office has received numerous complaints expressing fear and frustration. Many family members and neighbors found themselves dropping everything to assist someone made more vulnerable in the heat by a power outage.

In numerous California communities that routinely face three-digit temperatures, such as Sacramento, Fresno, and Bakersfield—the grid operates through heat waves. Lights (and air conditioners and ventilators) stay on. Cell phones continue to transmit and receive calls.

Not so in San Jose. Preventative capital replacement and maintenance does not appear to be occurring at a sufficient rate. According to one South Bay solar industry executive quoted in last year's *New York Times*, [“My experience...is they just wait until the neighborhood is overloaded and then the transformer blows up.”](#)

We need to better understand why these failures disproportionately afflict PG&E's operations in San Jose. More importantly, and we need to get them fixed—whether PG&E does so voluntarily, or under judicial or regulatory mandate. We can no longer merely hope that PG&E will live up to its obligation to San Jose ratepayers to do so.

In particular, questions arise as to whether PGE's publicly articulated capital repair and replacement plans adequately prioritize the safety of urban ratepayers. [PG&E has announced plans for tens of billions of ratepayer investment in infrastructure in rural areas](#), primarily for undergrounding of ten thousand miles of transmission lines, which will likely take decades and consume (at the current rate of undergrounding) more than \$37 billion in ratepayer dollars. The company trumpets that it will save some small fraction of their [\\$1.98 billion annual vegetation management budget](#) to underground roughly 8% of their lines, but the annual cost of undergrounding will still dwarf the marginal savings. Experts and ratepayer advocates have

questioned the wisdom of the ambitious undergrounding plan, [worrying that it will divert scarce ratepayer dollars from the more mundane \(but less headline-grabbing\) safety maintenance and capital replacement that could be accomplished at a lower cost, with greater safety impact.](#)

To PG&E's credit, their Chief Executive Officer, Patti Poppe, called me yesterday to commit to work with City officials in the weeks ahead to craft a capital repair and replacement plan that meets San Jose's safety needs. After the August 2020 power outages, PG&E represents, they replaced hundreds of aging transformers in San Jose. I take Ms. Poppe at her word, and I also trust that City staff will work collaboratively with PG&E to identify our safety priorities and push for solutions.

Nonetheless, in light of the company's many struggles, the City can no longer wait, watch, and hope. If an annual spending plan does not emerge in the coming weeks that meets our community's safety imperative, we must take action before whatever body—PUC, Court, or legislature—that can provide relief and protection to 1 million San Joseans. If a satisfactory capital expenditure plan does not emerge by October 31st, the City Attorney and City Manager should provide legal options for the City to act quickly to seek regulatory or judicial mandates for long-overdue preventative safety investment.