

South Bay Cities Council of Governments

October 14, 2013

TO: Steering Committee

FROM: Jacki Bacharach, SBCCOG Executive Director

SUBJECT: Reliability Issues re: the SCE Infrastructure in the South Bay

Background

The South Bay cities have experienced multiple power outages in the last few years. These outages have not only been frustrating and inconvenient, but costly and detrimental to the economy of the cities.

A discussion on what the cities might do about this has been taking place on and off since last October by both board members and city managers. The SBCCOG staff provided a speaker to the January City Managers' monthly meeting, who presented his understanding of the issue and how we might work together to develop a plan to address this issue. No further action was taken until the outages became more disruptive in recent months.

At the request of the Hermosa Beach City Manager in August, I contacted the speaker we heard from and asked him for a formal proposal for how the SBCCOG could assist the cities in collaborating to understand and demand timely action on this issue. The proposal is attached. This information will also be presented to the City Managers at their meeting on October 16.

In order to perform the work outlined in the proposal, it will be necessary to have a special assessment. The cost is \$25,000 for the consultant and the SBCCOG will incur oversight costs for administering the contract and coordinating with cities. Assuming that not all of our cities will be interested or able to pay the assessment, staff is recommending that the assessment be set at \$2,700 and that we not proceed until sufficient funds have been pledged or received.

RECOMMENDATION

It is recommended that the Steering Committee discuss the scope of work. Should you wish to proceed, recommend to the Board an assessment of \$2,700 per city with the understanding that we will not proceed until sufficient funds have been pledged or received.

**Work Order #1:
South Bay Cities Council of Governments
Power Outages, Issues & SCE Maintenance Status Report
September 27, 2013**

To that certain Consulting Services Agreement dated October 1, 2013 ("the Agreement"), by and between South Bay Cities Council of Governments ("Client" or "SBCCOG"), and Skipping Stone LLC. ("Consultant" or "SS") this Work Order #1 ("Work Order #1" or "WO#1") shall be attached to and become a part of the Agreement upon execution (including execution by e-mail acknowledgement, execution in counterpart, or facsimile execution) by the respective identified representatives.

Introduction

SBCCOG has experienced several significant power outages and have ongoing power infrastructure and maintenance issues with SCE. This has resulted in less than satisfactory performance and has caused business owners and residences a myriad of problems.

To date SCE has not provided SBCCOG with an action plan to address the power quality and infrastructure issues. To better prepare for a more directed dialogue with SCE and to determine potential action plans, SBCCOG desires a status report on power outages, issues and maintenance plans.

Methodology & Scope of Work

Consultant will prepare a power outages, issues and maintenance status report for SBCCOG. To prepare this report, Consultant will:

- Develop an information gathering template for use in interviewing key stakeholders from each SBCCOG City.
- Meet with key stakeholders to gather information regarding issues, problems, communications with SCE and corrective actions promised or taken (if any).
- Gather information from SCE records on both planned and unplanned power outages experienced in the SBCCOG service territory. Such information to include, outage dates, location, reason, corrective action taken and any outage impact information available.
- Gather information from SCE on maintenance plans and infrastructure upgrade plans impacting SBCCOG cities.
- Review SCE PUC filings on maintenance, infrastructure plans and capital projects and provide a general overview including any specific SCE plans impacting the SBCCOG service territory.
- Prepare a status report inclusive of the information gathered above and provide an assessment of current status and potential for improvements or potential for ongoing issues and outages.
 - The report will also include an outline of potential action plans SBCCOG might consider to address its power issues and needs.

- Prepare and present a summary presentation of the status report, including potential action plans, to SBCCOG leadership and key stakeholders.

Resources

Consultant will assign Peter Weigand as the engagement leader and Kathleen Herman will perform a majority of the Scope of Work. See attached resource bios.

Fee & Timing

A fixed fee of \$25,000, inclusive of travel expenses. Upon approval of this Work Order #1, this engagement will be completed within 90 days.

Budget, Terms and Expenses

1. An Initial Payment of \$12,500 shall be due upon signing of this Work Order #1. Such Initial Payment by Client must be received by Consultant prior to work commencing under this Work Order #1. The balance of payment shall be due upon submitting the final report and presenting the results.
2. Client shall provide Consultant with required Client-side accounts payable information, including any Client-required P.O. number and accounts payable contact information necessary to process Consultant's invoices promptly.
3. Interest on invoiced amounts unpaid longer than 30 days shall accrue at a rate of 1.5%/mo.
4. Additional projects and/or expanded scope will appear on subsequent work order(s).
5. Resource Availability- Consultant resource(s) provided or named hereunder are subject to change. Should replacement resource(s) be required, Consultant shall provide such replacement resource(s) of substantially similar skill level.
6. All other terms and conditions are per the Consulting Services Agreement (CSA).

Acceptance

This Work Order #1 is made a part of the Consulting Services Agreement between the parties. Changes in provisions specific to this Work Order are applicable to this Work Order only and do not alter or change the provisions of other Work Orders or the general terms and conditions of the Consulting Services Agreement.

Client

Consultant

 Jacki Bacharach
 Executive Director
 South Bay Cities Council
 Of Governments

 Greg Lander
 President
 Skipping Stone, LLC

Date: _____

Date: _____

Resource Bios

Peter Weigand, Chairman & CEO

Peter Weigand, Chairman, CEO and founder of Skipping Stone, has over 30 years of energy industry experience. Previously Peter has been CEO or COO of 4 energy and energy technology companies, has taken a company public, bought and sold over 12 companies, performed turn around and crisis management both domestically and internationally, managed triple digit growth, and has been a member of 6 boards of directors. His companies have been named to the Inc. 500 three times and have launched many new energy services and technologies globally.

As Chairman and CEO of Skipping Stone he has built one of the leading energy strategy and market consulting firms based on a unique network model that deploys consultants with direct industry experience. The firm's consultants have worked with over 250 clients across the energy industry, including natural gas and power markets, demand response, clean energy technology, and renewable energy.

Peter has been named Entrepreneur of the Year by Ernst & Young, one of the Top 50 Most Influential People in Energy by Pennwell and has written 3 books on energy topics.

Kathleen Herman, Senior Consultant

Kathleen Herman has over 30 years of energy and utility experience, primarily with Southern California Edison. Prior to joining Skipping Stone, Kathleen was a senior executive with SCE and managed a variety of departments, including director of the major accounts group, senior manager of product and services development teams and senior manager of enterprise resource planning.

She also was responsible for the design and implementation of SCE's grid outage management systems, infrastructure planning, customer technology application center, product lifecycle management and is a certified generation plant operator.