



Economic impact of September 9th Power Outage: Conservatively estimated at \$97 to \$118 Million

This is an initial estimate of the losses the greater San Diego region incurred as a result of the power outage which occurred on September 8th and 9th, 2011. All figures should be treated as preliminary, subject to revisions as additional information and data is made available.

Key Assumptions:

A) Total Length of disruption:	13 hours
B) Average length of disruption:	9 hours
C) Number of customers impacted:	2 million

We estimate there are three major areas where permanent economic losses were experienced

1) Perishable Food Losses:	\$12 to \$18 million
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Assuming similar per-capita losses to those experienced in the 2003 North- East Power Outage, we estimate that perishable losses of food and medicine were between \$ 12 million to \$ 18 million. We derived that figure by adjusting for population differences, the shorter duration of the event in San Diego and inflation since 2003. These losses would have been experienced by grocers, eating establishments and individual households.¹

2) Government Overtime	\$10 to \$20 million
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Based upon the overtime figures submitted to the federal government during the 2003 and 2007 firestorm events, we estimate that local governments throughout San Diego likely incurred between \$5 million to \$10 million in additional overtime expenses.

¹ . "Blackout costs N.Y. City \$1 billion," August 18, 2003, [Reuters](#); "The Economic Impacts of the August 2003 Blackout", February 9, 2004, [Electricity Consumers Resource Council \(ELCON\)](#).

3) Productivity

Approximately \$70 million

Productivity losses from events such as the blackout are difficult to estimate. Many of the losses are subsequently recouped in the future. To derive the impact we turned to a report done examining the 1996 Western Power outage event that estimated the lost productivity as a function of number of customers, hours of disruption, and kilowatts shed.² We then used the latest load profile for SDG&E for September 6, 2011³. Considering the timing of the outage, we used the lowest estimated cost per disrupted kilowatt hour – thus heavily discounting losses to industrial and commercial customers who may have instituted emergency power plans subsequent to previous disruptions and which were impacted during hours in which they are not engaged in normal business operations. Other methodologies would yield significantly higher estimates of negative impacts on productivity.

². Economic Impacts of Infrastructure Failure, Report to the President's Commission on Critical Infrastructure Protection, 1997.

³. <http://www2.sdge.com/eic/dlp/dynamic.cfm>