

Chicago Tribune

Friday, August 13, 1999

Northwest
50¢ NEWSSTAND

DOWNTOWN BLACKOUTS

Power fails, sparks fly

"They have neglected their infrastructure for too long... We are sick and tired of them, and they had better change."

Mayor Richard Daley

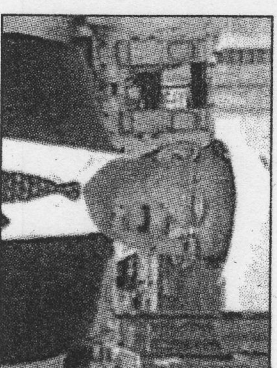
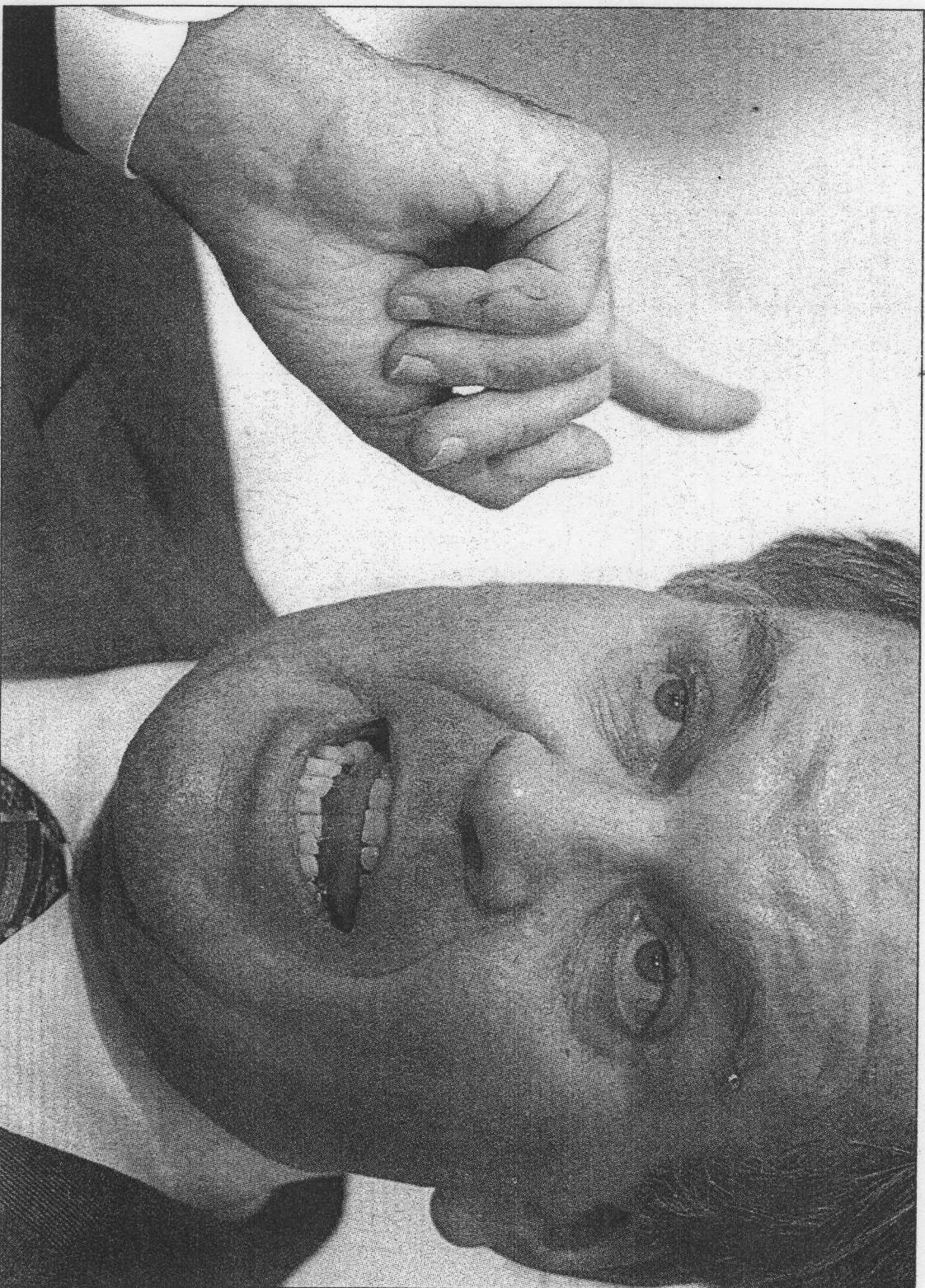


Image courtesy of CTV

"This level of service under these conditions is a disgrace to us. It's a personal disgrace to me. I will not tolerate it, and you will not have to."

John Rowe, ComEd CEO



Trihuma photo by Joe's Mom's

THE BREAKDOWN

'A string of events we can't explain'

By Peter Kendall
and Nancy Ryan

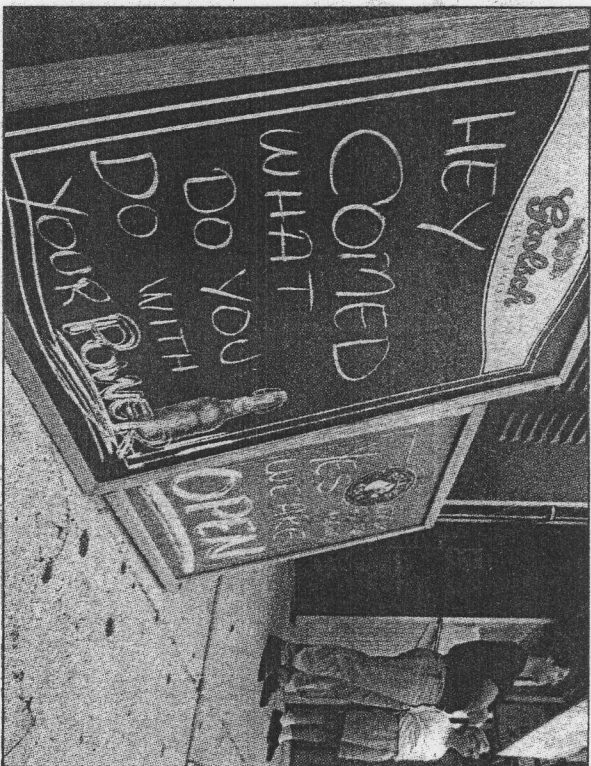
TRIBUNE STAFF WRITERS

Its aging electrical grid short-circuiting, Commonwealth Edison pulled the plug on the South Loop Thursday and began groping for explanations for this summer's ongoing power crisis.

Cable failures and popping transformers caused blackouts that shut down courts, silenced trading floors, cleared offices and filled the streets of downtown Chicago with puffing evacuees, breathless after climbing down building stairwells by emergency light.

What began as a routine problem with a splice on a power line cascaded into a series of three blackouts that stretched across downtown and lasted up to 11 hours.

But as ComEd customers seethed and Mayor Richard Daley steamed, utility officials were at a loss to explain what had gone wrong. In the last two weeks, the grid has blinked on



Tribune photo by Chuck Berman

ComEd leaves the Holiday Grill & Bar, 740 W. Randolph St., without power, but not without a sense of humor.

and off in a series of major outages, including a widespread blackout during the worst heat wave of the summer.

"It is as baffling to us as it is to the businesses and the customers that are out," said Paul McCoy, ComEd's senior vice president. "This clearly is a string of events that we cannot explain."

Nor could ComEd answer the more pressing question of whether more power outages lie ahead. Company officials acknowledged more blackouts were pos-

sible if the city's underground network of cables had been damaged by July's 100-degree heat and record electricity use.

Last summer, ComEd could not produce enough power. This summer, the company has been able to make the electricity but has struggled to deliver it to the customers who need it.

"Zapped by ComEd," read a sign at The Savvy Traveler in the 300 block of South Michigan Avenue. "We are closed."

SEE BLACKOUT, PAGE 16

THE FALLOUT

Daley's not alone in pointing finger

By Gary Washburn
and Susan Chandler

TRIBUNE STAFF WRITERS

Mayor Richard Daley and Commonwealth Edison have been at odds on numerous occasions over the last few years but on Thursday, Daley and ComEd Chairman John Rowe agreed on one thing: The utility that provides power to Chicago blew it when scores of downtown buildings went dark.

Daley, his face flushed with anger, called on ComEd to bring in outside experts and crews to work "24 hours a day, 7 days a week" to rebuild the company's aging and failing infrastructure.

"We are sick and tired of them, and they had better change," the mayor fumed.

In a phone call earlier in the day, Daley said he told Rowe, "You better go to ground zero with that company. You ought to get outside contractors and outside engineers and get it done immediately."

Rowe, who later termed his

- Workers make do as outage disrupts business. **Page 14.**
- Many firms close early; some make do. **In Business.**

company's performance "totally unacceptable" and "a personal disgrace to me," told reporters he had this response to the mayor: "No excuse, sir."

While Daley clearly was angered by Thursday's outage, he was furious about what he said was the company's failure to provide advance warning about the possibility of power going down in such a critical area of the city.

"You are putting people in jeopardy. Health and safety—that is the issue. They failed to notify us . . . We have a responsibility to the residents and the businesses."

Daley spoke at a news conference at the city's 911 emergency center, where he gnawed on his nails in agitation between re-

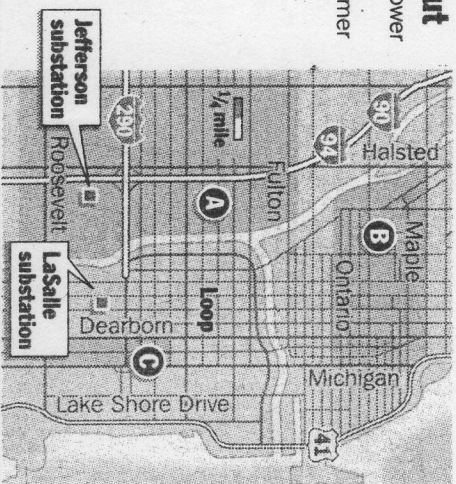
SEE DALEY, PAGE 17

What caused the blackout

Hundreds of businesses had their power cut Thursday as ComEd struggled to gain control over a series of transformer and cable failures at two downtown substations.

Thursday's outages

- A** 9:40 a.m. to 8:34 p.m.
- B** 10:06 a.m. to 10:17 a.m.
- C** 1:45 p.m. to 3:04 p.m.



What occurred at the Jefferson and LaSalle Substations

Approximately 138,000 volts is fed into the Jefferson Substation, where four transformers are used to step down the current, which is then carried along cables and power lines to consumers.

- 2 7:45 p.m., Wednesday** An underground cable from one of the three operating transformers fails, tripping that transformer off line.
- 3 9:40 a.m., Thursday** Another cable fails, putting a third transformer out of service, causing outages in two areas of the city.
- 4 10 a.m.** ComEd reroutes power from Jefferson to a new transformer at LaSalle, but the new transformer's cooling system doesn't work.
- 5 1:45 p.m.** ComEd shuts down the new LaSalle transformer and cuts power to 670 Loop businesses.
- 6 3:04 p.m.** Power is restored to Loop customers.

Daley

CONTINUED FROM PAGE 1

sponses to reporters' questions and angrily vowed to bill ComEd for the cost of the city's emergency response, raising the issue of the company's legal liability for the outage.

At a later news conference, Rowe was chastened and apologetic.

"The mayor is not wrong," he declared. "The mayor said we didn't do the job. It wasn't adequate. I'm not going to argue with him. We'll fix it."

In a series of problems that began on Aug. 5 and reached a peak Thursday, three of four transformers at ComEd's Jefferson substation, 828 S. Jefferson St., either failed or had to be taken out of service, according to company officials.

Under provisions of the utility's city-approved emergency plan, ComEd probably should have notified the city about the possibility of an outage no later than Wednesday night, city officials said.

"By the time they lost the third transformer [Thursday morning], it was too late," declared William Abolt, the city's environment commissioner.

Only after the city began receiving calls about initial outages Thursday morning did ComEd give notification at about 9:30 a.m., officials said.

The company should notify the city "when you know that the system is at the edge . . . when if one more thing goes wrong, the capacity is not going to be there," Abolt asserted.

"When you have problems with transformers, you better notify someone," Daley smoldered. "If they know that a transformer has difficulty on Sunday or Monday, we should have some preliminary warning. They are kidding themselves. If they are keeping it in-house, that is their problem."

"And it ended up right in their lap."

Rowe contended that the company gave proper notice under the terms of its emergency plan, "but it is obvious that notification was not adequate under these circumstances to meet the city's needs, and we will work out an early notification protocol with them."

Daley and ComEd ended a bitter dispute last March over the provisions of a 1992 franchise agreement that gave the utility the right to provide service in the city for 29 years.

The agreement ended an arbitration proceeding begun by the city over what Daley called foot-dragging on millions of dollars worth of improvement projects promised by ComEd under the franchise pact.

As part of the March accord, which both sides said was designed to increase reliability to ComEd's customers, the company agreed to spend \$1.185 billion by 2004 to improve its infrastructure.

The agreement also removed what city officials described as "wiggle room" in the franchise contract by calling for a specific schedule of projects to upgrade ComEd's transmission and distribution system, including substations and transmission circuits.

"Infrastructure is the key," Daley said Thursday. "They have neglected it for far too long. It is coming home to roost."

Politically, the mayor found himself in a no-lose situation, playing to an angry audience and continuing his criticism of a utility whose unpopularity has grown among consumers.

City officials and Rowe seemed to agree Thursday that an expedited upgrading schedule now is needed.

Rowe, who asserted that he was "at least as angry as [Daley] is," noted that Thursday's outage was the third major service interruption in the city in less than three weeks.

The failures "have underscored the necessity of doing more faster,"

he said. "We have a chain of events, which are unrelated, showing our system does not have the margin it needs to adequately serve our customers. These events are showing we must improve our maintenance and inspection procedures, particularly until we have made the infrastructure improvements that are necessary."

However, Rowe said that making those improvements is "probably a three-year project."

Rowe, who was recruited to head ComEd and its parent company last year, has won Daley's praise for what the mayor has said is his willingness to tackle the utility's problems and his honesty in admitting them.

After Thursday's outage, Daley pinned the problems on the ComEd bureaucracy that Rowe inherited, suggesting the chairman had been victimized by underlings who have provided him with false information about the condition of the company's infrastructure.

"Someone is lying," Daley declared. "Someone in that company has not told John Rowe the truth."

After Thursday's fiasco, more than Daley's ire loomed in ComEd's future.

The company is likely to become mired in damage claims and lawsuits—though some of them may not stick, according to legal experts.

Many of the affected customers were businesses, which have far fewer legal rights to sue for damages than residential customers, experts said.

When an outage affects business customers, they can try to recover direct damages, such as the loss of equipment. But they can't receive damages for lost business deals or contracts, said Robert Kelter, attorney with the Citizens Utility Board, a public interest group that represents consumers before the Illinois Commerce Commission.

"Courts have never allowed that to be recovered," Kelter said. "It's unlikely anyone would ever take on the responsibility of providing electric service to businesses under those conditions, so there are protections to the utility."

That means ComEd's offer to reimburse thousands of households for spoiled food during a heat-related power outage on the North Side two weeks ago won't set any legal precedent for most of those affected in Thursday's blackouts.

Limiting a utility's liability makes sense, legal experts said.

The courts have no interest in bankrupting utilities with high damage amounts, said Richard Epstein, a University of Chicago law professor. That only would result in higher rates for the utility's customers and have an unintended negative effect on service.

"There comes a point when the damages are so great that they impair the capital of the firm and increase the likelihood of a future blackout or brownout," Epstein said.

Because lawsuits may not succeed, the Citizens Utility Board will urge the Illinois Commerce Commission, which regulates ComEd, to fine the utility instead.

"CUB and the city will be looking at the best way to achieve the results of a more reliable system," Kelter said. "Certainly the company is going to have to face severe financial penalties from this. That's the only stick we have."

Beth Bosch, spokeswoman for the ICC, said it was too early to talk about consequences for ComEd.

"We don't know yet what the effect of the outage is," Bosch said. "We don't know how many customers or the length of time. We'll be getting a report on that."

Still, the ICC will be watching ComEd's response closely, said ICC Commissioner Terry Harvill.

"John Rowe has stepped up in the past couple of weeks. I hope he will continue to do so. I think he is as frustrated as everybody else, even including the mayor," Harvill said.