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TXRestaurant.org

August 30, 2024

Re: PUC Project No. 56822, Feedback from the Texas Restaurant Association

Submitted through the PUC's Interchange

Members and staff of the Public Utility Commission:

Thank you for the opportunity to provide input on our members' utility experience after the May Derecho and Hurricane Beryl. This is a vitally important topic for our members.

The Texas Restaurant Association represents the state's more than 56,000 restaurant locations and a workforce of over 1.4 million employees. In fact, the foodservice industry is now the state's largest private sector employer, responsible for over \$106 billion in annual sales. Despite the industry's overall size, most restaurants are small businesses with narrow profit margins. They simply cannot afford to go without power and other critical utilities for extended periods of time. And yet, **our estimates indicate that foodservice businesses in the greater Houston/Galveston region experienced over \$1 billion in revenue losses alone due to outages from these two events.**

For many of our members, the timing could not have been worse for these outages as they rely heavily on summer sales. Restaurant outages also make it more difficult for the community since restaurants represent over half of the food dollar during typical conditions and widespread outages make it more difficult for residents to rely on groceries.

The TRA surveyed our members throughout the broader Houston and coastal region to respond to this project. Unfortunately, we could not run the survey for very long, but we did receive 18 responses summarized below. Most respondents are restaurants, and a few represent other types of foodservice businesses such as caterers and bakeries. We hope this information is insightful.

If you have any questions about our submission, or if we can assist you in any way, please do not hesitate to reach out to Kelsey Erickson Streufert, Chief Public Affairs Officer of the TRA at kstreufert@txrestaurant.org or 214-236-2649.

Sincerely,


Emily Williams Knight, Ed.D.
President and CEO
Texas Restaurant Association

Encl: *Survey Results*

TA 1-1: For each electric service provider from which your members receive service, please provide the average duration members of your trade association were without power in the aftermath of the May 2024 Derecho and Hurricane Beryl.

Among our surveyed members who are CenterPoint customers, because of the May Derecho¹:

- 43% (6 businesses) did not lose power
- 14% (2) lost power for less than one day
- 7% (1) lost power for 1-2 days
- 14% (2) lost power for 3-4 days
- 14% (2) lost power for 5-6 days
- 7% (1) lost power for 7 or more days

Among our surveyed members who are CenterPoint customers, because of Hurricane Beryl:

- 0 did not lose power
- 14% (2) lost power for less than one day
- 0 lost power for 1-2 days
- 21% (3) lost power for 3-4 days
- 29% (4) lost power for 5-6 days
- 36% (5) lost power for 7 or more days

Neither of our two surveyed members who are Entergy customers lost power because of the May Derecho.

Between our two surveyed members who are Entergy customers, one lost power for 3-4 days and the other lost power for 7 or more days.

One of our surveyed members is a Texas-New Mexico Power customer. They did not lose power because of the May Derecho, but they lost power for 3-4 days because of Hurricane Beryl.

TA 1-2: If possible, please identify the percentage of your membership that had a smart electric meter connection on or before July 8, 2024.

17% (3) of our surveyed members had a smart electric meter at this time.

TA 1-3: If possible, please identify the percentage of your membership that had a smart water meter connection on or before July 8, 2024.

17% (3) of our surveyed members had a smart water meter at this time.

TA 1-4: If possible, please identify the percentage of your membership that had backup or emergency power resources connected to their facilities on or before July 8, 2024.

¹ Throughout this document, percentages may not equal 100 due to rounding.

11% (2) had backup or emergency power at this time.

TA 1-5: Please provide an estimate of the loss in revenue experienced by the membership of your trade association that resulted from outages caused by the May 2024 Derecho and Hurricane Beryl, respectively.

39% (7) of our surveyed members reported zero revenue losses because of the May Derecho outages. The remaining surveyed members (61%, 11) reported the following lost revenue amounts: \$1,500, \$3,300, \$5,000, \$5,000, \$6,000, \$7,000, \$15,000, \$15,000, \$20,000, \$60,000, and \$250,000.

All but one of our surveyed members reported revenue losses because of Hurricane Beryl outages. Remaining members (94%, 17) reported the following lost revenue amounts: \$1,500, \$2,000, \$3,300, \$6,000, \$15,000, \$15,000, \$17,500, \$20,000, \$30,000, \$50,000, \$60,000, \$69,000, \$100,000, \$100,000, \$120,000, \$180,000, and \$350,000.

The greater Houston/Galveston region is home to about 14,000 restaurants. If we conservatively assume 50% experienced a revenue loss of \$35,255 (the average loss reported to us from the May Derecho), then the estimated revenue lost across our industry from the May Derecho outages totals over \$246 million. Looking at the Hurricane Beryl data, if we conservatively assume 85% of the region's restaurants experienced \$67,018 in revenue losses (the average loss reported to us from Hurricane Beryl outages), then the estimated revenue lost across our industry from this event totals over \$797 million. In other words, **the foodservice industry likely lost more than \$1 billion in revenue from outages caused by these two events.**

TA 1-7: Please provide the percentage of your membership that lost power in the May 2024 Derecho event and Hurricane Beryl, respectively. Please also provide the percentage of your membership that lost power in both events.

Among our surveyed members, 50% (9) lost power due to the May Derecho and 100% (18) lost power due to Hurricane Beryl. 50% (9) lost power in both events.

TA 1-9: Please provide any additional information that may be helpful to this investigation.

We asked our members to rate the quality of communications that they received from their electricity distribution company during the May Derecho and Hurricane Beryl recovery. The average rating was 2.7 out of 7 possible stars, so very poor. When we look at just the Entergy customers' responses, the average was 4 out of 7 stars. When we look at just the CenterPoint customers' responses, the average was 2.4 out of 7 stars. The single Texas-New Mexico Power customer respondent gave a 3 star review.

We also asked our members about the value of lost inventory due to the May Derecho and Hurricane Beryl outages. These losses range from \$0 to \$60,000 from a single event at a single business. Foodservice businesses also reported other property damage valued from \$0 to \$30,000 from a single event at a single business.

Finally, here are some quotes from our surveyed members:

- “Completely unacceptable for the energy capital of the world - what happens when the next one comes through that is a category 5?”
- “Texas New Mexico has been going around the city trimming trees from power lines. Seems like they are doing more than Centerpoint.”
- “Maps were inconsistent and could never get a good answer of when power would be back up. We have to make decisions based on that information.”
- “It was devastating.”
- “The power outages related to the storm devastated the busiest month of the year for our area. A lot of businesses will be closing forever this fall and winter due to the financial impact of Beryl and the outages.”
- “We can't take to many more hits like this.”