

Wednesday, January 14, 2009

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair

Senator J. Kalani English, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair

Senator David Y. Ige, Vice Chair

By: Hawaii Food Industry Association  
Lauren Zirbel and Richard Botti

While power outages affect everyone in Hawaii, the impact on the food industry is far more serious than say a car dealership, contractor, or dentist. The simple facts are that in order to maintain an adequate food supply, refrigeration is mandatory.

Food suppliers and retailers have learned that they can maintain product safety during a power outage by immediately sealing their refrigeration units by taping them, allowing food protection for frozen foods up upwards to 24 hours, and upwards to six hours for refrigerated foods.

However, because the retailer is responsible for the consumers' safety under such conditions, it is necessary for employees to go by actual temperature. The food can be considered safe for up to two hours if the temperature never goes above 45 degrees F. if it reaches 50 degrees F, it cannot be sold.

The real issue is the unknown. That's called DOUBT. If documentation cannot be determined, the instructions are: WHEN IN DOUBT, THROW IT OUT!

What this means is that the temperature must be taken when the power is restored, and that temperature is the deciding factor on what is thrown out. If the time period for that temperature can't be determined, then the food is dumped.

Heat is the other important element involved. If product has been or is in the process of being heated, it has its own temperature requirements. If the power is out for less than two hours, the food can be sold if reheated to 165 degrees F, and then held at 135 degrees F or above, or may be sold if rapidly cooled to 41 degrees F or below within two hours following restoration of power.

So what we have is a situation where generally nothing can be held for more than two hours if it is defined as a PHF (Potentially Hazardous Food) between 41 degrees F and 135 degrees F. This is what makes the food industry unique.

Dumping food presents another set of problems. Dumpsters must be brought in to dump the food, and sanitation issues may arise.

We do know that a power outage up to two hours will not present a problem for food that has been maintained at the proper temperature. That should be the goal of Hawaiian Electric. If it can't maintain that goal, then measures must be taken to meet that goal or provide alternatives, such as refrigerated containers or portable generators that can be made available to locations with large food supplies.

We do not know how many tens of thousands of pounds of food were dumped during the December 26th power outage. This information can best be obtained by government. At this point, it doesn't make much

difference to those within the industry that haven't taken the hit. Based on past experience, we know that there will be no reimbursements coming, and we also know that the only thing our members can do is to fend for themselves, by purchasing insurance for such losses, maintaining whatever backup generators they can afford, and passing the cost on to customers.

We do know that as a result of the island-wide power outage Hawaii Food Industry Association members lost millions of dollars as a result of destroyed perishable merchandise and lost sales hours. HFIA members also suffered from logistical and IT setbacks as a result of the outages. Many of our members were forced to close their stores. Almost all members were forced to operate on a cash only basis.

ABC Stores were forced to dispose of perishables not sold. This included all dairy products, fruits, vegetables, sandwiches, some juices, yogurts, frozen dinners, frozen pizzas, ice cream, etc, in the order of \$50,000.00 of losses. They reported long lines of people waiting outside since most other stores closed. There was one instance of looting and drinking alcohol. There was some shoplifting. Battery back up registers allowed processing customers CASH ONLY until the batteries went dead. Thereafter, each customer had to be escorted one-at-a-time. Each customer was processed with a pad and pen and added with a hand calculator.

ABC Stores report that power was restored in phases. A few pockets of stores in Waikiki had power at approximately 7:00 a.m. Stores had to reset computers, registers, refrigeration, and other electronic devices to enable the business functions. Not all of Waikiki went back on, and some stores were left without power making it difficult to recover with replenishment of perishables. ABC Stores headquarters and central computer systems are located in Kakaako, one of the last areas to get power, thus they could not process credit cards or debit cards.

One of our hardest hit members was Okimoto Corporation. They have two retail stores on the Waianae Coast. A convenience store in Nanakuli, and a supermarket in Waianae town.

Okimoto Corporation states that power outages are not new to them and that they have experienced two other power outages in the recent past. They state the outages were defined by Hawaiian Electric as being caused by forces beyond their control and thus HECO was not responsible for losses attributed to the outages. These outages create losses that run into the tens of thousands of dollars.

Okimoto Corporation utilized their internal emergency power providing them with minimal lighting and use of their register system so that they could provide limited service to their customers. At 6:45 p.m. Okimoto Corporation sealed refrigeration equipment with tape, and stopped selling items that require refrigeration as a safety measure while they assessed the situation to determine whether it would be a short or long outage.

Okimoto Corporation states that on December the 27th at 9:00 am power was restored to Nanakuli and Makaha, but Waianae remained without power because they were in a pocket of the power grid which remained affected. At 11:00 am they report calling Hawaiian Electric numerous times and receiving a recorded voice message. They were affected by the outage for 21 hours. By 6:00 pm they report dumping tens of thousands of dollars of refrigerated food that could have been saved if the power was restored sooner.

From the Distributor perspective, members such as KYD reported some of their phone systems going down and routers blowing up.

We would suggest the legislature do a study of all members of the food industry not just members of HFIA to discover how much food was wasted as a result of the power outage.



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January 13, 2009

TO:

COMMITTEE ON ENERGY AND ENVIRONMENT

Senator Mike Gabbard, Chair  
Senator J. Kalani English, Vice Chair

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Rosalyn H. Baker, Chair  
Senator David Y. Ige, Vice Chair

RE: Oahu Power Outage

ABC Stores has 41 stores on the island of Oahu with 38 stores located in Waikiki. ABC Stores carries a wide variety of merchandise, particularly perishables. The hours of operation are generally from 7:00 a.m. to 1:00 a.m.

At the time of the power outage, there were approximately 400 employees working.

SAFETY.

The power went out early evening so there was no visibility – blackness. Emergency battery back up lights went on. Store managers had difficulty controlling the customers and eventually closed the doors. Employees grabbed flashlights and lanterns to illuminate the salesfloor. We lost much business.

Long lines of people waited outside since most other stores closed. There was one instance of looting and drinking alcohol. There was some shoplifting.

Battery back up registers allowed processing customers CASH ONLY until the batteries went dead. Thereafter, each customer had to be escorted one-at-a-time. Each customer was processed with a pad and pen and added with a hand calculator.

Stores that ran with two people had to close for control reasons.

Perishables that were not sold were lost. This included all dairy products, fruits, vegetables, sandwiches, some juices, yogurts, frozen dinners, frozen pizzas, ice cream, etc, in the order of **\$50,000.00 of losses.**

Employees had difficulty communicating with family, but many made the sacrifice to take care of the locals and visitors. Stores remained open as long as 2:00 a.m. to accommodate as many people as possible.

### RECOVERY.

Power was restored in phases. A few pockets of stores in Waikiki had power approximately 7:00 a.m. Stores had to reset computers, registers, refrigeration, and other electronic devices to enable the business functions.

Not all of Waikiki went back on, and some stores were left without power making it difficult to recover with replenishment of perishables.

Our headquarters and central computer systems are located in Kakaako, one of the last areas to get power, thus we could not process credit cards or debit cards.

### CONCLUSION.

ABC Stores took care of the public with their needs and wants, not just this time, but also during the earthquake. ABC Stores also suffered losses in merchandise in both cases, with no compensation.

Earthquake photo – Same situation as Dec 26 power outage except it was nighttime.

