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November 6, 2006

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
The Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17120

VIA HAND DELIVERY

Re: Rulemaking Re Inspection and Maintenance Standards for the Electric Distribution Companies; Docket No. L-00040167

Dear Secretary McNulty:

Enclosed are the original and fifteen (15) copies of the Joint Comments of Citizens' Electric Company and Wellsboro Electric Company in the above-referenced proceeding.

Copies of the Comments are being served on the parties indicated on the attached Certificate of Service. If you have any questions, please contact us at your convenience. Please date-stamp the extra copy of the Comments and this letter, and return them to our messenger for our files. Thank you.

Very truly yours,

MCNEES WALLACE & NURICK LLC

By

Pamela C. Polacek

Counsel to Citizens' Electric Company of
Lewisburg, PA, and Wellsboro Electric Company

PCP/nk

Enclosures

c: Ms. Elizabeth Barnes, Assistant Counsel (via e-mail and hand delivery)
Certificate of Service

CERTIFICATE OF SERVICE

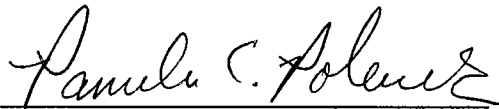
I hereby certify that I have this day served a true copy of the foregoing document upon the participants, listed below, in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA FIRST CLASS MAIL

Office of Consumer Advocate
555 Walnut Street
Forum Place, Fifth Floor
Harrisburg, PA 17101

Donna M. Clark, Esquire
Energy Association of PA
800 North 3rd Street, Suite 301
Harrisburg, PA 17102

Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101



Pamela C. Polacek

Counsel to Citizens' Electric Company
of Lewisburg, PA and Wellsboro Electric
Company

Dated this 6th day of November, 2006, in Harrisburg, Pennsylvania.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Proposed Rulemaking for : **Docket No. L-00040167**
Revision of 52 PA Code Chapter 57 pertaining to:
Adding Inspection and Maintenance Standards :
For the Electric Distribution Companies :

JOINT COMMENTS OF
CITIZENS' ELECTRIC COMPANY OF LEWISBURG, PA AND
WELLSBORO ELECTRIC COMPANY

On April 20, 2006, the Pennsylvania Public Utility Commission ("PUC" or "Commission") adopted a proposed rulemaking order seeking input on the potential adoption of mandatory minimum inspection, maintenance, repair and replacement standards for Electric Distribution Companies ("EDCs"). The rulemaking order was published in the *Pennsylvania Bulletin* on October 7, 2006, 36 Pa. Bull. 6097 (Oct. 7, 2006). Pursuant to the schedule established for Comments on the proposed rulemaking order, Citizens' Electric Company of Lewisburg, PA ("Citizens") and Wellsboro Electric Company ("Wellsboro") hereby submits these Joint Comments.

Citizens' and Wellsboro support the Commission's emphasis on monitoring and improving electric service reliability. Citizens' and Wellsboro comply fully with the Commission's current reporting requirements and continually strive to meet or exceed their reliability benchmarks. Citizens' and Wellsboro provide to the Commission details regarding their current inspection and maintenance programs each year in their annual reliability reports. Despite their small size, both companies have undertaken specific projects in recent years to improve distribution service reliability. For example, Citizens' recently installed an Automated Meter Reading ("AMR") system in its territory that will

in the future provide enhanced outage information. Over the last ten years, Wellsboro embarked on a sustained work plan to rehabilitate many areas of its system and in 2005 replaced aging substation equipment with a new substation. Ultimately, Wellsboro plans to install a second transformer in the new substation and to construct a transmission line, both of which will increase service reliability for the Wellsboro customers.

Citizens' and Wellsboro undertook these efforts due to their obligations under the Public Utility Code to provide safe, adequate and reliable service to their customers. Those same existing obligations serve as the guides for EDCs' inspection and maintenance practices. Additional regulatory mandates for specific inspection, maintenance, repair or replacement activities should not be imposed. Citizens' and Wellsboro support the Energy Association of Pennsylvania's ("EAP") Comments related to the desire for flexibility in meeting EDCs' service reliability obligations, rather than mandatory Commission-imposed cycles that may not result in cost-effective enhancements to service reliability. Set forth below are some specific illustrations of how the EAP's suggested changes to the proposed regulations reflect the realities of inspection, repair and maintenance planning by smaller EDCs such as Citizens' and Wellsboro.

The service territory characteristics of the PUC-regulated EDCs are vastly different in terms of size, terrain, population density, weather and other factors. Those differences may mandate different approaches to certain inspection and maintenance practices. For example, due to the small size of their service territories, Citizens' and Wellsboro may have more direct knowledge of reliability issues on their systems. Their employees visit many areas of their systems during the normal course of work each week

and are constantly directly observing their systems for potential problems. When a potential problem is identified and the problem is critical (i.e., could have an imminent effect on safety or reliability), it is repaired as quickly as possible. For other non-critical issues, such as a pole that is not currently impacting reliability but that is deteriorated to such an extent that it will not last until the next scheduled inspection, the EDC schedules replacement as soon as practical given other workload and resource constraints. The EDC should have the flexibility to determine appropriate intervals within which to address identified problems. As explained in the EAP's Comments, placing a 30-day limit on rectifying all identified problems under the proposed regulations may inappropriately shift resources from other equally important activities or require additional manpower, thus increasing costs to customers.

Similarly, for an EDC like Citizens' whose lines are located primarily along roads, minimal (if any) increase to service reliability can be expected by mandating that visual inspections of circuits occur through a "foot patrol" rather than by using a vehicle. The service reliability enhancement that will occur through mandating visual inspections of overhead lines every year, as opposed to every two or three years as Wellsboro currently conducts a formal visual inspection for three and single phase overhead lines, respectively, is also unclear. This is especially evident when Citizens' and Wellsboro's employees are continually patrolling the service territory as they go about their work, and in response to service calls, enabling them to identify potential problems and facilitating a reasoned schedule for making repairs based on the severity of the issue in comparison to needs throughout their service territories.

Tree trimming and right of way maintenance mandates are additional examples of areas where EDCs should pursue different approaches based on their service territory characteristics. Citizens' performs a trimming needs assessment on its entire system each year, and targets a four-year trimming cycle; however, some locations are trimmed more frequently and some less frequently depending on the tree species, weather, line construction type and other factors. Wellsboro is not on a four-year cycle and projects that imposing a mandatory four-year cycle will result in a fifty percent increase in its present right of way program budget. Neither EDC projects an appreciable enhancement to service reliability if a four-year mandatory cycle is imposed because the majority of their tree-related outages are caused by off-right of way trees that would not be addressed in the four-year cycle.

Citizens' and Wellsboro also respectfully question the need to mandate maintenance and testing intervals for items such as reclosers, voltage regulators, capacitors and other equipment. Attached to these Comments are summaries of the inspection and maintenance programs in place for each EDC. As the Commission will observe, each plan is tailored to the equipment and needs of the specific territory. Even for two EDCs of similar sizes, the maintenance practices differ due to other factors such as age and type of equipment, terrain, weather variations, etc.; however, both programs have the same intended goals of maintaining service reliability.

An example that clearly highlights how the Commission's proposed regulations may not represent cost-effective solutions necessary to enhance reliability is the proposed requirement to test and maintain reclosers annually. Both Citizens' and Wellsboro inspect reclosers on a periodic basis. As part of this inspection, the EDC determines the

counter reading for the equipment, which signifies the number of recloser operations that have occurred since the last testing/maintenance was performed. Testing and maintenance on reclosers is not performed until the units reach the manufacturer's recommendations, based on counter readings and fault current interrupted . Some reclosers on the Citizens' and Wellsboro systems may experience very few operations during a year and would not meet the manufacturer's specifications as requiring testing and/or maintenance.

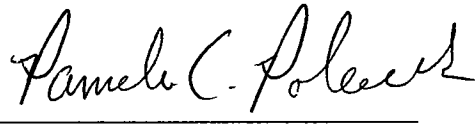
Despite this, under the proposed regulations, Citizens' and Wellsboro would be required to remove the recloser from the pole, replace the unit with another recloser, and send the unit to a location where oil filtration or replacement can be performed and proper operation can be verified. These costs, including the cost of having additional reclosers on hand for the replacement during testing, will be incurred for maintenance and testing that goes beyond the manufacturer's recommendations. This is just one example of how the proposed regulations may needlessly increase the EDCs' annual distribution costs, which will then result in potential increases to customers' distribution rates.

Citizens' and Wellsboro recognize the importance of reliability. To ensure that the citizens of this Commonwealth receive safe, adequate and reliable electric service at just and reasonable rates, EDCs must have the flexibility to work with the Commission in developing and implementing inspection and maintenance plans that address the unique needs of each EDC system. Each EDC has first-hand knowledge of the conditions and issues facing its system and can best determine the manner and timing of inspection, maintenance, repair and replacement activities to cost-effectively ensure reliable service

for customers. The Commission has sufficient tools to accomplish its service reliability goals without adopting mandatory inspection and maintenance requirements.

Respectfully submitted,

McNEES WALLACE & NURICK, LLC

By 

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Lewisburg, PA, and Wellsboro
Electric Company

Dated: November 6, 2006

**CITIZENS' ELECTRIC COMPANY OF
LEWISBURG, PA**

INSPECTION AND MAINTENANCE PLAN

**PREPARED FOR NOVEMBER 6, 2006 COMMENTS
AT DOCKET NO. L-00040167**

The following inspection & maintenance programs are in place at Citizens' Electric.

Program	Description	Cycle
Infrared Inspection	All substation equipment is inspected semi-annually. 1/3 of all overhead lines are inspected each year.	3 years
Vegetation Management	Trees are trimmed throughout our entire distribution system as deemed necessary through system-wide inspection.	Annual
Visual Line Inspection	All distribution lines and pole hardware are visually inspected during preparation of the tree trimming contract request.	Annual
Padmount Equipment Inspection	Padmounted equipment is visually inspected to identify and correct any developing problems or safety concerns.	4 Years
3Ø Padmount Transformer Oil Test	Insulating oil is tested from every 3Ø padmounted transformer on our system, and all substation power transformers.	Annual
Line Equipment Inspection	All airswitches, circuit tie switches, capacitors, regulators, and reclosers are visually inspected. Where applicable, proper operation of control equipment is verified and counter readings are recorded.	Annual
Pole Inspection and Treatment	Poles are inspected and treated at groundline. External and/or internal decay inhibitors are applied where appropriate.	10 Years
Danger & Reject Pole Replacements	Replace condemned poles identified during pole inspection.	As needed, annually
Substation Equipment Inspection	Entire station is visually inspected. Equipment batteries are tested, communications equipment operation is verified, fans are tested, various gauge and counter readings are recorded.	Monthly
Recloser Maintenance	Change oil, check and adjust mechanism, check contacts, test operation.	Manufacturer's Recommendations

Comments regarding Citizens' current I & M program:

Poor performing distribution circuits are identified through the collection of data from a variety of sources. Substation recloser counts are recorded daily. This enables us to quickly recognize when a circuit is experiencing problems. Due to our small size, we are generally able to identify the cause of most trips at the substation. If a circuit begins showing a pattern of several unexplained trips over a period of a few days, crews are assigned to patrol the line. During this patrol, they look for signs of faulty line hardware, areas in need of wildlife protection and any vegetation issues. Selective infrared inspection may be employed during this patrol as well to help identify problem hardware. Remediation is performed based on any issues identified.

With the recent completion of our AMR system implementation, we have begun assessing the service outage information it can provide. It is expected we can mine the information gathered daily from every meter to develop a more comprehensive analysis of our system reliability.

Comments regarding Citizens' current vegetation management program:

Citizens' Electric been recognized by the National Arbor Day Foundation as a "Tree Line USA" utility for 4 years. In 2001 we also received the Pennsylvania Urban and Community Forestry Award for Industry Achievement. Citizens' uses nationally approved trimming techniques and procedures specified in the American National Standard for Tree Care Operations (ANSI A300) and the International Society of Arboriculture's Tree Pruning Guidelines.

We prune for a 4-year cycle, in accordance with Citizens' Electric Distribution Vegetation Management Specification. Contractors are used for all planned vegetation management on our system. Annually, our entire system is reviewed for trimming needs and a request for firm price bids is issued for the entire project. Work is performed in accordance with the terms of the successful contract, typically with little to no "time and materials" work. Line crews perform very limited "hot spot" and emergency trimming as needed.

We inspect our entire territory annually for vegetation that will require attention. Because our territory covers only 55 square miles and includes approximately 163 miles of overhead lines, we can accomplish this goal annually. This aggressive program has allowed Citizens' to virtually eliminate outages caused by on right-of-way trees. Although we inspect the entire system each year and deploy the contractors where needed, once an area has been trimmed, our goal is to return on a 4-year cycle. Unplanned work is generally limited to the trimming of minor "hot spots" and is performed by Citizens' crews. This work is extremely limited in scope and its cost is not captured as a separate budget item. With the exception of a severe storm in 2003, storm trimming was performed by Citizens' crews and was very limited in scope. Planned work includes contractor cost, limited tree replacement reimbursements to customers, and in-house program supervision costs.

WELLSBORO ELECTRIC
COMPANY
33 AUSTIN ST.
WELLSBORO, PA 16901

MAINTENANCE WORK PLAN

POLE INSPECTION AND TREATMENT

A minimum of 2500 poles per year will be visually inspected to either in-house employees or contract employees. Items to document during a visual inspection are overall condition of the pole and pole top, condition of cross arms and related equipment, number and style of third party attachments on each pole, ensure that height of electric conductors and third party attachments meet NISC code, use of guy guards on all guy wires and all grounds are connected. Also any right of way issues are to be reported.

Pole Testing – 1000 poles each year will be tested by either in-house employees using a sound and bore test or a contract crew utilizing an ultra sonic sound test.

COMPLETE DISTRIBUTION LINE INSPECTION

All multi-phase line both overhead and underground will be inspected on a two year rotation.

All single phase lines will be visually inspected on a three year rotation.

SINGLE PHASE OCR'S AND OIL SECTIONALIZERS

Visual inspection during circuit inspection, in case of trouble on circuit or during Blink Patrolling.

Annually when the counters are read in Dec-Jan of each year. The annual reading of counters can assist in finding OCR'S which operate excessively as well as those whose counters may be defective.

OCR'S and oil-type sectionalizers are on a 6-year maintenance and calibration schedule.

Refinement to 6-year schedule: Excess number of operations will trigger maintenance earlier than 6-years:

LINE OCR TYPE	MAX OPERATIONS PRIOR TO MAINT
H	100
4H	68
V4H	272
L	64

CIRCUIT PATROLS DURING BLINKS

Circuits which are blinking will receive attention:

Circuit patrols following blinks
Monthly blink report

Circuits are patrolled on an as-needed basis:
By Customer request, or
Because of Wellsboro Electric Needs

The Company has a lightning arrester and insulation tester available to us at Tri-County Rural Electric Cooperative. If lines are blinking and we suspect an arrester or insulator, please contact Tri-County for this item.

SYSTEM VOLTAGE

All Min-Max voltmeters will be read monthly, during the meter reading cycle in the area. Due to the implementation of automated meter reading the meter department employee will continue to obtain min-max voltage reading monthly.

DISTRIBUTION MODELING AND ANALYSIS

Twice a year
Prior to summer
Prior to winter

Wellsboro Electric uses the Windmil Engineering model to analyze every circuit, studying:

Load Currents

Fault Currents

Concentrating on OCR'S, Sectionalizing devices, fuse's, Capacitors.

SUBSTATIONS

Monthly visual inspection and reading of all devices in substation.

All substation transformer oil will be tested on a two year cycle; half of all transformers in substation will be tested each year.

Electromechanical relays

Operational check with equipment

5 –year calibration

Infrared Inspection

Yearly – Preferably on high load days

All substations annually

All three phase lines annually

All industrial sites annually

All critical care facilities, such as hospitals annually

Select single phase line as determined by engineering department

VOLTAGE REGULATORS

All substation units are inspected monthly and readings are obtained and logged on the monthly substation report.

All regulators on the distribution system are to be checked twice annually, once before the summer season and once before the winter season.

Substation regulators are to be removed from service and sent to a repair facility for repair and or evaluation once every five years or 100,000 operations of the counter.

VACUUM OIL CIRCUIT RECLOSERS

Substation units to be checked monthly in conjunction with the monthly substation inspection.

Units to be removed from service every five years or 250 operations and returned to a repair facility for rebuild or evaluation and testing.

CAPACITORS

All capacitors on the distribution system to be inspected twice annually once before the summer season and once before the winter season.

A.B. CHANCE PORCELAIN CUTOUTS

Due to the high failure rate of these cutouts, anytime a line crew is at a job site that has one of these cutouts, remove the porcelain cutout and replace with a polymer cutout.

During visual line inspecting, great care should be given to inspect the cutout for any signs of cracking, if there is any doubt, issue a maintenance order to replace the cutout.

STEP-DOWN TRANSFORMERS ON THE DISTRIBUTION SYSTEM

Visual inspection of all step down transformers in service annually.

Infrared imaging of all units annually.