

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Rulemaking Re Amending Electric : Docket No. L-00030161
Service Reliability Regulations at 52 :
Pa. Code Chapter 57 :

**COMMENTS OF
PPL ELECTRIC UTILITIES CORPORATION**

TO THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

1. Introduction

On June 27, 2003, the Pennsylvania Public Utility Commission (the “Commission”) entered a proposed Rulemaking Order to amend its existing reliability regulations at 52 Pa. Code Chapter 57. The order sets forth proposed amendments to the electric reliability standards for Electric Distribution Companies (“EDCs”) operating within the Commonwealth of Pennsylvania. Specifically, the Commission has proposed amendments that will: (1) alter the definition of a “major event”; (2) require EDCs to file quarterly reliability reports, as well as annual reliability reports; (3) require EDCs to report information on 5% of their worst performing circuits; and (4) require EDCs to report on standards and plans for inspection and maintenance of their electric delivery systems.

PPL Electric Utilities Corporation (“PPL Electric” or the “Company”) is an EDC located in the Commonwealth of Pennsylvania which provides delivery service and Provider of Last Resort service to over 1.3 million retail customers. PPL Electric is a strong proponent of providing a high level of customer satisfaction and, as such, the Company consistently ensures that the reliability of its delivery system is a top priority.

PPL Electric appreciates the opportunity to submit comments in this docket. The Company generally supports the Commission’s initiative to amend its existing reliability regulations at 52 Pa. Code Chapter 57. However, the Company has specific comments to several of the proposed revisions, which are addressed below.

2. Specific Comments

A. Definitions

The Commission proposes to amend the definition of a “Major Event” set forth in Section 57.192 by substituting the term “service territory” for the term “operating area.”

PPL Electric supports the Commission’s proposed amendment to the definition of a “Major Event.” The use of a single geographic area for calculation of an EDC’s reliability metrics will reduce the variability of determining which service interruptions constitute a “major event.”

In addition, PPL Electric believes that the Commission should revise the proposed definition of “Performance Benchmark” to identify the time period that was

used to establish the benchmark. Specifically, PPL Electric recommends that the definition read: “the average historical performance based on reliability data for the five-year period, 1994 through 1998.”

B. Distribution System Reliability

First, the Commission proposes to amend language in Section 57.194 to clarify that EDCs must meet both the performance benchmarks and the performance standards. Second, the Commission proposes to amend this section so that: (1) the performance standard is only a short-term minimum level of performance; and (2) performance that does not meet the standard for any reliability metric will trigger additional PUC scrutiny, including possible remedial review and reporting activities. Third, the Commission proposes to amend this section to clarify that an EDC must inspect, maintain and operate its distribution system to achieve the performance benchmark.

PPL Electric generally supports the Commission’s proposed amendments to the language of Section 57.194. However, PPL Electric recommends that those amendments clearly state that, in order to meet the applicable two-tiered performance standards, an EDC’s performance, as measured on a rolling three-year average basis, must be within 10% of the benchmark level, and that its performance, as measured on a rolling 12-month average basis, must be within the 20% of the benchmark level for large EDCs. Moreover, because the performance standard is a short-term objective, the Company also recommends that the Commission identify what criteria it will use to determine whether an EDC is

meeting the requirement to inspect, maintain and operate its electric delivery system so as to achieve the performance benchmark on a long-term basis.

C. Reporting Requirements

The Commission proposes to amend Section 57.195 to change the date for submission of an EDC's annual reliability report from May 31 of each year to March 31 of each year. The Commission also proposes to amend this section to add new annual reporting requirements for EDCs. Those new requirements for the reporting year are: (1) a description of each "major event" that occurred; (2) the average number of customers served; and (3) additional detailed information regarding the operation and maintenance ("O&M") of an EDC's electric delivery system. This detailed information includes: a breakdown and analysis of outage causes; a list of remedial efforts taken and planned for those circuits on the list of 5% of the worst performing circuits; a comparison of established transmission and distribution ("T&D") goal/objectives to actual results, including an explanation of variances; a comparison of actual to budgeted T&D O&M expenses and capital expenditures; detail by system area of quantified T&D goals/objectives; detail by FERC account of budgeted T&D O&M expenses and capital expenditures; and any significant changes to the T&D inspection and maintenance programs previously provided.

In addition, the Commission proposes to add a requirement for EDCs to submit quarterly reliability reports. Those reports would include the following information for the reporting period: (1) a description of each "major event" that

occurred; including the time and duration, number of customers affected, the cause of the event, and any procedures modified to avoid or minimize similar events in the future; (2) rolling 12-month reliability indices (SAIFI, CAIDI, SAIDI and MAIFI, if available), including the applicable data to calculate the indices; (3) rolling 12-month reliability indices for those circuits set forth in the list of 5% of the worst performing circuits; (4) remedial efforts taken and planned for the EDC's worst performing circuits; (5) a breakdown and analysis of outage causes; (6) quarterly and year-to-date information regarding progress toward meeting T&D inspection and maintenance goals/objectives; (7) quarterly and year-to-date information for budgeted versus actual O&M expenses and capital expenditures; (8) staffing levels for T&D O&M at end of the quarter, in total and by specific category; (9) quarterly and year-to-date information of contractor hours and dollars for T&D O&M; and (10) monthly call-out acceptance rates for T&D maintenance workers.

PPL Electric supports the Commission's proposal to advance the date for submission of the annual reliability report. However, because of the need to compile, analyze and thoroughly review the service interruption data used to prepare the annual reliability report, PPL Electric recommends that the Commission modify its proposed date for submission of this report from March 31 to April 30.

PPL Electric recognizes the Commission's desire to obtain more information regarding an EDC's system reliability and to receive that information in a more timely manner. However, the Company believes that, in some respects, the proposed annual and quarterly reporting requirements are overly burdensome, redundant and costly. If enacted in their present form, those proposed requirements

could consume valuable, but limited resources. For example, the Commission would require EDCs to submit a description of each “major event” in their annual and quarterly reliability reports. Currently, the EDCs must submit a Service Interruption Report, pursuant to 52 Pa. Code § 67.1, describing each service interruption which affects 2,500 or 5% (whichever is less) of their total customers due to a single unscheduled interruption of six or more hours duration. Under the proposed annual and quarterly reporting requirements, the EDCs will be required to submit the same information for a “major event” in three separate reports. Therefore, PPL Electric recommends that the Commission revise its proposed reporting requirements under Section 57.195 to eliminate this unnecessary and time-consuming redundancy, and limit the reporting in Section 57.195 to only the dates of the “major events” and the number of customers interrupted.

The Commission proposes that EDCs’ annual reliability reports contain the average number of customers served over the year. PPL Electric historically has based and reported its reliability metrics on the number of customers served at the end of each reporting year. For consistency of data, PPL Electric recommends that the Commission modify this proposed reporting requirement to reflect the number of customers served at the end of each reporting year.

The Commission proposes that EDCs’ annual and quarterly reliability reports contain a breakdown and analysis of outage causes. PPL Electric recognizes the Commission’s desire for this information in the context of an EDC’s reliability performance. However, because outage definitions differ among the EDCs, caution should be used if comparisons among EDCs are being considered.

The Commission proposes that EDCs' annual and quarterly reliability reports contain a list of remedial efforts taken and planned for circuits on the list of 5% of their worst performing circuits. PPL Electric's circuit improvement program focuses on improving the performance of each of those individual circuits by ranking each circuit's performance. Each of the worst performing circuits is inspected, trouble locations identified, and a list of remedial actions prepared. The Company continues to evaluate the circuit's performance and tracks the performance results to assure that the corrective action taken has improved the performance of the circuit. Although the Company tries to identify all repair work performed, there may be situations where additional work is performed because a crew identifies a specific problem while on routine patrol. That work, because of its general nature, may not be tracked. However, the work would result in a performance improvement of the circuit. Therefore, PPL Electric recommends that the Commission revise this proposed reporting requirement, as follows: "A list of the major remedial efforts taken to date and planned for circuits that have been on the worst performing 5% of circuits list for a year or more."

The Commission proposes that EDCs' annual and quarterly reliability reports contain a comparison of: (1) established T&D inspection and maintenance goal/objectives and actual results; (2) budgeted and actual T&D O&M expenses; and (3) budgeted and actual T&D capital expenditures. In addition, explanations of "any variances" must be included. PPL Electric believes that the phrase "any variances" is overly broad and will require unnecessary explanation of insignificant deviations. Therefore, the Company recommends that the Commission revise these reporting

requirements by setting a threshold for variance explanation, such as: an explanation of a material change in a T&D inspection and maintenance goal/objective, or a variance in excess of \$1 million in T&D O&M expenses, or a variance in excess of \$5 million in capital expenditures, would be appropriate.

The Commission proposes that EDCs' annual reliability reports contain a breakdown of budgeted T&D O&M expenses and capital expenditures by FERC account. PPL Electric does not budget either O&M expenses or capital expenditures by FERC account. Rather, the Company budgets by functional activity and conversion of that data into FERC account data would be difficult and time-consuming. Therefore, PPL Electric recommends that the Commission modify these reporting requirements as follows: "Budgeted T&D O&M expenses and T&D capital expenditures for the current year in total and detailed by FERC account, if readily available, or by functional activity.

The Commission proposes that EDCs' quarterly reliability reports contain: (1) dedicated staffing levels for T&D O&M at the end of the quarter, in total and by category; (2) quarterly and year-to-date information of contractor hours and dollars for T&D O&M workers. PPL Electric believes that this information is competitively sensitive and proprietary, and that, if this information were made available to the public, the Company's ability to negotiate contracts with third-party vendors and others could be adversely affected. Therefore, PPL Electric strongly recommends that the Commission either eliminate these proposed reporting requirements or, in the alternative, permit EDCs to retain this information at their

main business office, and make it available for Commission review and inspection, as necessary.

3. Conclusion

Accordingly, PPL Electric Utilities Corporation recommends that the proposed amendments to the Commission's electric service reliability regulations at 52 Pa. Code Chapter 57 for EDCs, as set forth in the Rulemaking Order, be modified consistent with these comments.

Respectfully submitted,

Paul E. Russell
PPL Electric Utilities Corporation
Two North Ninth Street
Allentown, PA 18101-1179
(610) 774-4254

Dated: December 8, 2003
at Allentown, Pennsylvania