

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Amended Reliability Benchmarks
And Standards For the Electric
Distribution Companies
Request for Comments**

Docket No. M-00991220

COMMENTS OF ALLEGHENY POWER

I. INTRODUCTION

Allegheny Power¹ submits comments at the above-captioned docket in response to the Pennsylvania Public Utility Commission's (Commission) Tentative Order and Request For Comments on the proposed reliability benchmarks and standards submitted by the Staff Internal Working Group in Electric Service Reliability ("Staff Internal Working Group"). The Tentative Order was issued by the Commission June 26, 2003, and published in the Pennsylvania Bulletin July 12, 2003. (33 Pa.B. 3443.) The standards pertain to distribution system reliability.

II. SUMMARY

Allegheny Power (AP) generally supports the proposed changes in electric distribution reliability reporting and benchmarking. AP agrees that each EDC should compute and report reliability metrics using its entire service territory as one operating area. Additionally, the

¹ Allegheny Power is the trade name of West Penn Power Company, a public utility providing electric distribution and transmission service in central and western Pennsylvania.

proposal that EDCs submit a formal report of major events fits existing AP reporting capabilities. AP also agrees with the adoption of a two-tiered reliability performance standard methodology: one tier for rolling three-year performance and one tier for rolling 12-month performance. However, AP believes the specific benchmarks proposed for AP are unrealistic and not useful for future comparisons. As the Tentative Order acknowledges, the SAIFI benchmark for AP is artificially low because it is based on incomplete data and will cause AP to be in repeated non-compliance. To be useful, the benchmark should be changed and AP proposes to work with Commission staff to develop appropriate benchmarks.

III. LIST OF EXHIBITS

AP presents four attached Exhibits displaying the disparity of the proposed SAIFI benchmark for AP from AP's actual performance.

Exhibit I: Exhibit I shows that the proposed benchmark for AP is skewed by a period of incomplete data.

Exhibit II: Exhibit II shows that the proposed benchmark for AP is unrealistically low in comparison to other large EDCs (46 percent below next lowest).

Exhibit III: Exhibit III shows that AP's actual SAIFI performance for 2000-2002 matches the best performance of all large EDCs.

Exhibit IV: Exhibit IV shows that Pennsylvania residential customers believe AP's reliability exceeds or maintains performance since 1997.

IV. COMMENTS - DATA ACCURACY SHOULD BE OF PARAMOUNT CONSIDERATION

The Commission should rely only on data with the highest level of accuracy. The Tentative Order recognizes that the benchmarks have data quality difficulties that should be acknowledged and resolved. Most important, as Commission staff notes, AP's benchmark is set artificially low and comparisons to the low benchmarks are bound to be inherently unfavorable. AP should not be penalized through artificially low benchmarks that the Commission's Tentative Order fully acknowledges are incorrect. The company's performance could be misrepresented and AP could be subjected unfairly to fines and unnecessary remedial action.

The remedy requested by AP is analogous to the adjustment of a test year in a rate case. Where test-year data is inaccurate due to extraordinary events, the Commission adjusts the data to achieve a fair reflection of performance. Similarly, the Commission in this instance should adjust benchmarks that are clearly out of step with past performance. AP believes its benchmarks need to be adjusted for the following reasons.

A. The benchmark incorporates incomplete data for 1996 through 1998.

Adjustments should be made to the benchmarks to accommodate AP's move to an automated outage management system and the incomplete reliability data during the period of 1996 through 1998. As the Commission's Tentative Order notes, converting to an automated outage management system has "profound implications for comparing historical reliability performance to current performance." Tentative Order, p.15. Furthermore, the Commission's Tentative Order correctly recognizes that several months of data were not available for Allegheny Power:

Therefore, the SAIFI metrics for those years are understated, resulting in the appearance of better performance being reported during 1997 and 1998 than actually existed. Because the 1997 and 1998 data was used along with the 1994-1996 years to compute the historical benchmark average, Allegheny Power's SAIFI benchmark is set artificially low. Thus, comparisons of Allegheny Power's SAIFI reliability performance in years subsequent to 1998 with the benchmark are going to be inherently unfavorable. This defect also impacts the SAIDI metric, as SAIDI is a function of multiplying SAIFI and CAIDI data.

Tentative Order, p. 14 (Emphasis added).

It should also be noted that reliability data was used for internal purposes and not used or required for formal regulatory filing requirements in the 1996 to 1998 timeframe. AP has previously submitted a more detailed explanation of the data quality issues as well as proposed new benchmark numbers and the methodology used to calculate them to the Commission Staff.

B. AP's SAIFI benchmark cannot be justified when compared to other EDC's or to AP's actual performance.

As illustrated in **Exhibit I**, AP's SAIFI benchmark does not reflect AP's actual performance. **Exhibit I** shows that the benchmark established for Allegheny appears to have been achieved only three times in 24 years. But even that achievement is illusory because it occurred during the period of incomplete data collection. In fact, the proposed benchmark is at a level that AP has never achieved. The proposed benchmark is 46 percent lower than the next-lowest large EDC's SAIFI benchmark. This anomaly is displayed in **Exhibit II**, illustrating that AP's SAIFI benchmark of .67 is 46 percent below the next lowest large utility benchmark of .98. In short, AP's actual performance is at or near the Commonwealth's best, but the Commission's proposed benchmark would lead to the perception that it is the worst.

AP also submits that the artificially low benchmark is not consistent with a comment in the Commission's Tentative Order that the Commission's statutory obligation is to have each EDC achieve a level of performance after the introduction of electric choice that is at least as good as it was prior to competition. The Electricity Generation and Customer Choice and Competition Act, which was effective January 1, 1997, was to ensure that "safe and affordable

transmission and distribution service is available at levels of reliability that are currently enjoyed by the citizens and businesses of this Commonwealth.” 66 Pa.C.S. 2802(3).

proposed benchmark for AP does not reflect AP’s performance prior to competition, but rather is a severe and unrealistic increase in expected performance.

C. The inappropriate benchmark would subject AP to unfair and inappropriate remedial action.

The Commission’s Tentative Order proposes that “repeated violations of the two-tiered standard shall result in the Commission pursuing an enforcement action including fines and other remedies available.” As can be seen in **Exhibit I**, the proposed standard for AP is too low compared to actual performance and would result in AP being in repeated violation.

is particularly unfair for AP because AP’s actual SAIFI performance is among the best in Pennsylvania. As shown in **Exhibit III**, which is based on the Commission’s data in Appendix B of the Tentative Order, AP has the best or near the best SAIFI average in the Commonwealth.

D. The inappropriate benchmark belies AP’s investment in and commitment to reliable service.

AP’s strong reliability performance, as shown in **Exhibit III**, is a result of AP’s commitment to providing safe and reliable service to its customers. Some of AP’s initiatives include:

- Establishing new business management methods (Ensure Reliable Service and Restoration of Service) that are dedicated to improving customer service and managing reliability issues.
- Investing in new technologies (Outage Management System, Work Management System, Automated Mapping and Facilities Management System) to support the managing, scheduling, and tracking of maintenance and restoration activities.
- Establishing a new Corporate Training Center to provide both classroom and hands-on training to personnel (linemen, electricians, designers).
- Establishing well-defined and established maintenance programs for lines, substations, and vegetation that serve as the basis for excellent overall system performance. These are closely monitored to ensure that the work is completed in the proper time frame.
- Establishing a Reliability Improvement Program that targets additional resources to the circuit or pocket of customers where the greatest impact on reliability performance can be achieved.
- Establishing a Customer Service Center system that efficiently handles customer inquiries and responds promptly to outage situations

Finally, AP points out that since 1997 more than 97 percent of Pennsylvania residential customers believe that the reliability of their electric service has stayed the same or increased (see **Exhibit IV**). This survey supports AP's position that its performance has remained strong after the introduction of electric choice.

V. CONCLUSION

Allegheny Power appreciates the opportunity to comment in this rulemaking and supports many of the proposed changes. Allegheny Power respectfully requests, however, that the Commission review Allegheny Power's data quality issue and provide new and appropriate benchmarks. Allegheny Power should not be penalized for installing state-of-the-art outage management technologies nor be subject to fines for performance compared to unrealistic benchmarks. Allegheny Power looks forward to working with the Commission to establish appropriate benchmarks.

Respectfully submitted,

Date: October 9, 2003

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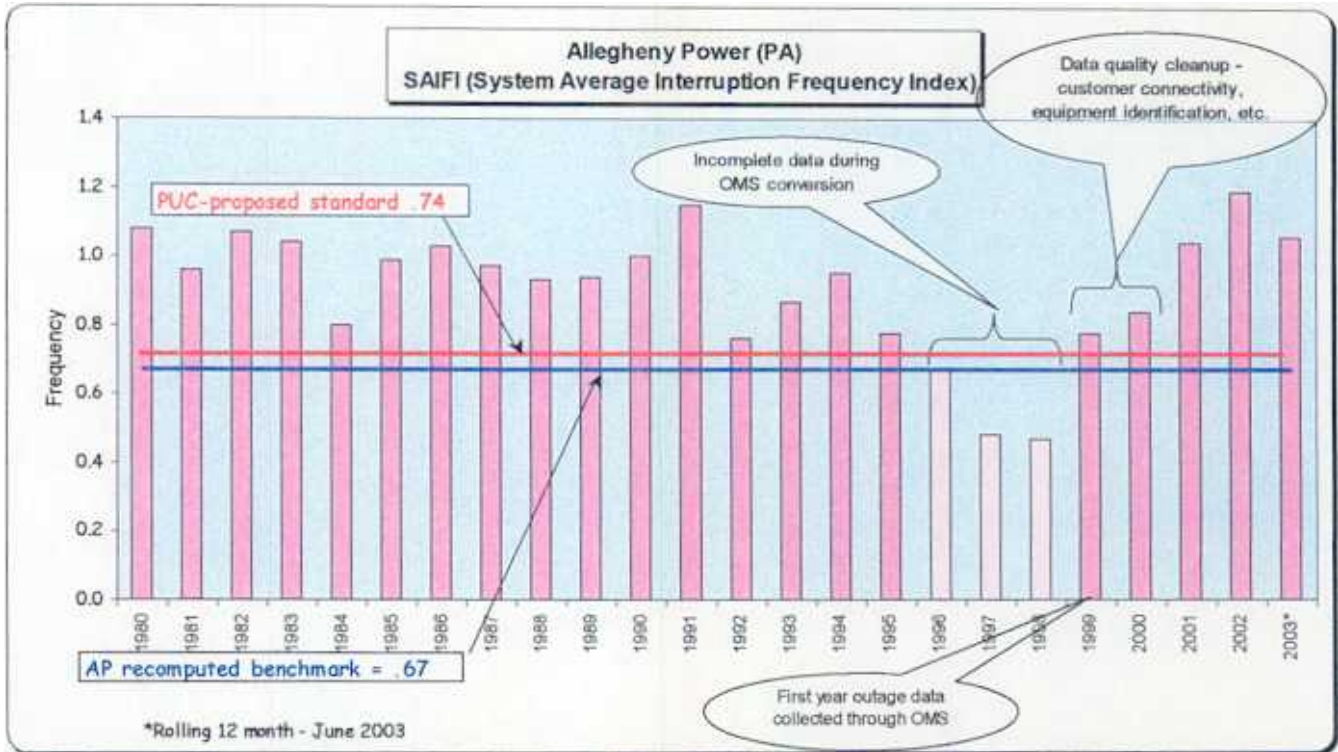
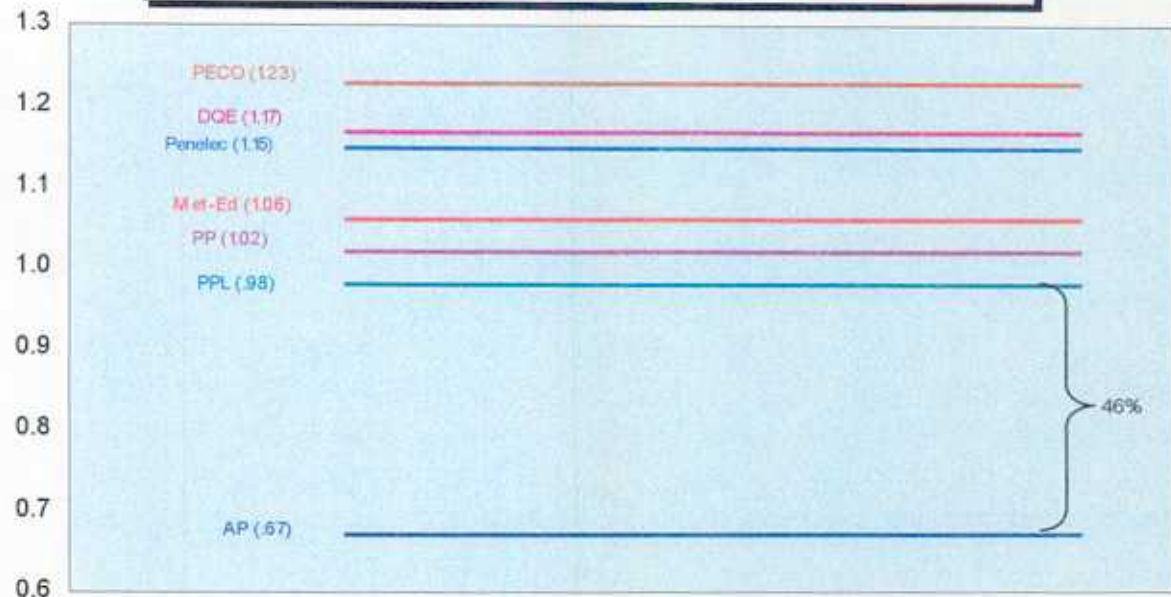


Exhibit I

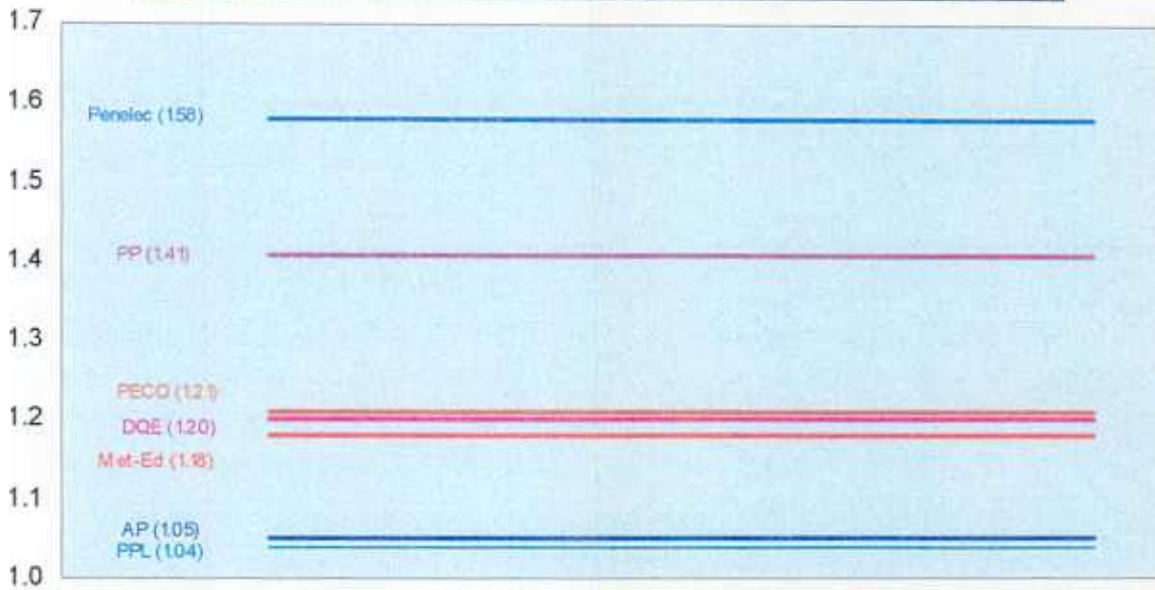
Proposed Large EDC SAIFI Benchmarks per Tentative Order



Source: Appendix B of PA PUC's Tentative Order for Amended Reliability Benchmarks and Standards for the Electric Distribution Companies dated June 26, 2003

Exhibit II

Rolling Three-year SAIFI Average (2000-2002) for Large EDCs

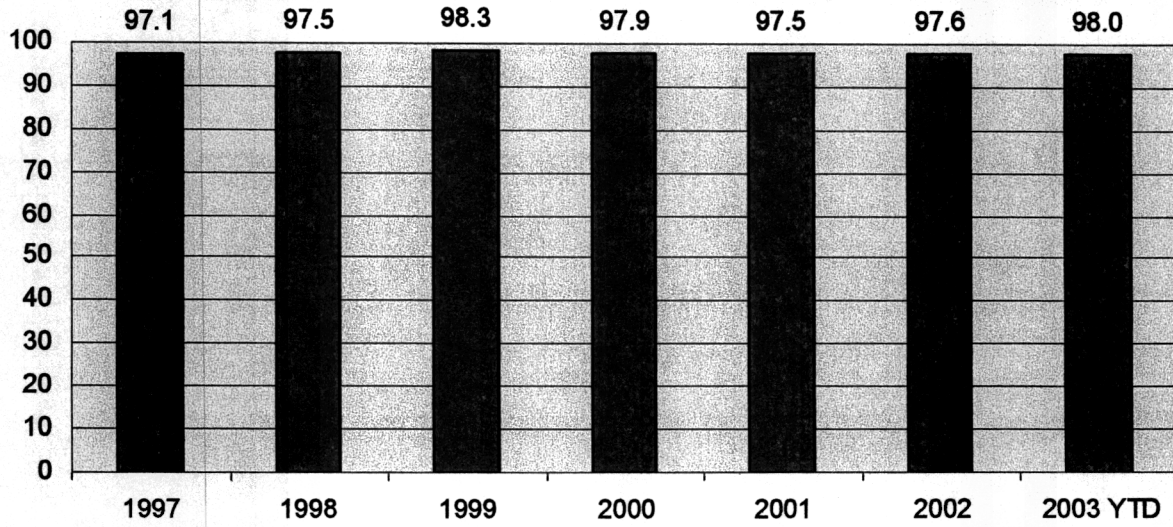


Source: Appendix B of PA PUC's Tentative Order for Amended Reliability Benchmarks and Standards for the Electric Distribution Companies dated June 26, 2003

Exhibit III

Residential Customer Reliability Survey

Since 1997, more than 97% of PA residential customers believe that the reliability of their electric service has stayed the same or increased.



Source: Customer research done by Potomac Inc. 1997 - 2001; Walker 2002 - 2003

Exhibit IV