

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Amended Reliability Benchmarks :
and Standards for the Electric : Docket No. M-00991220
Distribution Companies :
:

COMMENTS OF
PENNSYLVANIA AFL-CIO UTILITY CAUCUS
ON TENTATIVE ORDER

On June 26, 2003, the Pennsylvania Public Utility Commission (“Commission”) issued a Tentative Order as part of the process of amending reliability benchmarks and standards for electric distribution companies (“EDCs”). The Tentative Order subsequently was published for comment in the *Pennsylvania Bulletin*. 33 Pa. B. 3443 (July 12, 2003). The Pennsylvania AFL-CIO Utility Caucus (“AFL-CIO”) files these Comments on the Commission’s Tentative Order.

At the outset, AFL-CIO commends the Commission for continuing to evaluate its electric reliability benchmarks and standards. The on-going assurance of the safety and reliability of electric service is one of the most critical responsibilities of the Commission. Indeed, the Electricity Generation Customer Choice and Competition Act, 66 Pa. C.S. Ch. 28 (“Choice Act”), provides that “the commission shall ensure continuation of safe and reliable electric service to all consumers in the Commonwealth” (66 Pa. C.S. § 2804(1)) and directs the Commission to “set through regulations inspection, maintenance, repair and replacement standards and enforce those standards” (66 Pa. C.S. § 2802(20)). The Choice Act also sets an important, specific goal: “Electric

industry restructuring should ensure the reliability of the interconnected electric system by maintaining the efficiency of the transmission and distribution system.” 66 Pa. C.S. § 2802(12).

Thus, the Commission properly states in the Tentative Order that “the Commission was given a legislative mandate to ensure that levels of reliability that were present prior to the restructuring of the electric utility industry would continue in the new competitive markets.” AFL-CIO submits that the actions taken by the Commission in the Tentative Order will help to move the industry in this direction, but that the new standards still do not achieve this goal.

The revised standards and enhanced reporting requirements in the Tentative Order represent a significant improvement over the existing standards and reporting requirements. The new standards and reporting requirements will provide the Commission with more timely and more accurate information about the ability of EDCs to provide reliable service to their customers. In particular, AFL-CIO strongly supports the following aspects of the Tentative Order:

- Setting reliability benchmarks and standards on a utility-wide basis;
- Establishing performance standards that are more closely related to the historic (pre-restructuring) level of service provided to customers;
- Setting standards that reflect both short-term and longer-term reliability, through a 12-month rolling average and 3-year rolling average, respectively;
- Taking important steps to improve the quality and standardization of utility data reporting; and
- Requiring a specific Commission order before a utility can exclude a major event from its reporting statistics.

While the specific, numerical standards established in the Tentative Order represent a major improvement over the existing standards, the new standards still do not

reflect the level of reliability that Pennsylvania’s EDCs actually provided immediately prior to restructuring. Specifically, the new standards in the Tentative Order are, with minor exceptions, substantially higher (that is, less stringent) than the actual performance of the electric system during the period from 1993 through 1997 (representing the time period prior to the negotiation of restructuring legislation to the first year after the legislation became effective).

Table 1, on the next page, shows the level of reliability actually achieved from 1993 through 1997 by the major EDCs, and compares it to the old and new standards. This table uses the same, three-year moving averages upon which the Commission relies in the Tentative Order. While there is no question that the new standards represent a major improvement over the old standards, the new standards are all (with two exceptions) substantially worse than the actual level of reliability experienced prior to restructuring.

The differences between the new standards and the pre-restructuring level of system performance are not trivial. It must be recalled that CAIDI and SAIDI represent the average number of minutes that a customer is without electricity. So, for example, the new SAIDI standard of 172 for PPL says that it is “normal” or “acceptable” for a customer to be without electricity for nearly three hours when service is interrupted to the customer. In contrast, prior to restructuring, PPL’s actual performance was to restore service to customers in less than two hours (ranging from 87 minutes from 1993-1995 to 116 minutes from 1995-1997). There is no question that the new standard makes a lot more sense than the old standard of 226 minutes (3 hours and 46 minutes, which is roughly twice as long as it took to restore service to customers prior to restructuring), but

it still represents a significant deterioration in utility performance – in this case, extending the acceptable level of customer outages by nearly an hour, or almost 50%.

SAIFI					
Utility-Region	1993-1995	1994-1996	1995-1997	Old Standard	New Standard
Allegheny-System	0.87	0.80	0.64	1.08	0.74
Duquesne-System	1.14	1.19	1.12	1.49	1.29
GPU-Met-Ed	0.96	1.04	0.93	1.29	1.17
GPU-Penelec	1.17	1.22	1.00	1.42	1.27
Penn Power - System	0.95	0.86	0.98	1.41	1.12
PECO-System	1.27	1.37	1.21	1.70	1.35
PP&L-System	0.79	0.89	0.87	1.19	1.08
CAIDI					
Utility-Region	1993-1995	1994-1996	1995-1997	Old Standard	New Standard
Allegheny-System	158	163	178	224	196
Duquesne-System	101	103	110	127	119
GPU-Met-Ed	104	114	121	155	140
GPU-Penelec	93	98	108	141	127
Penn Power - System	95	88	89	119	101
PECO-System	104	111	108	143	123
PP&L-System	110	121	133	190	160
SAIDI					
Utility-Region	1993-1995	1994-1996	1995-1997	Old Standard	New Standard
Allegheny-System	138	130	112	241	144
Duquesne-System	115	123	122	189	153
GPU-Met-Ed	99	120	114	200	163
GPU-Penelec	105	117	107	201	160
Penn Power - System	91	76	87	168	114
PECO-System	131	152	132	244	167
PP&L-System	87	108	116	226	172
Standards in bold represent those where the standard is more stringent than the <u>worst</u> performance experienced from 1993 through 1997.					

This problem is further illustrated in Table 2, which compares CAIDI and SAIDI (both measured in minutes) from the worst three-year period prior to restructuring to the new standard. The table shows that the new standard permits customer outages to

deteriorate by between a few minutes and nearly an hour, when compared to the worst performance experienced prior to restructuring. AFL-CIO submits that this level of deterioration is both unacceptable and wholly inconsistent with the requirements of the Choice Act.

Table 2
CAIDI and SAIDI for Major EDCs using Three-Year Moving Averages
Worst Performance from 1993-1997 Compared to New Standard

CAIDI			
Utility-Region	Worst (Highest) 3-Year Average		Deterioration (minutes of outage)
	1993-1997	New Standard	
Allegheny-System	178	196	18
Duquesne-System	110	119	9
GPU-Met-Ed	121	140	19
GPU-Penelec	108	127	19
Penn Power - System	95	101	6
PECO-System	111	123	12
PP&L-System	133	160	27
SAIDI			
Utility-Region	Worst (Highest) 3-Year Average		Deterioration (minutes of outage)
	1993-1997	New Standard	
Allegheny-System	138	144	6
Duquesne-System	123	153	30
GPU-Met-Ed	120	163	43
GPU-Penelec	117	160	43
Penn Power - System	91	114	23
PECO-System	152	167	15
PP&L-System	116	172	56

It is extremely important for the Commission to establish standards that are tied to actual pre-restructuring performance. While the standard is just a number on a page, the effect of the standard is quite real to customers and EDCs, particularly if the Commission enforces the standards in a timely manner. Data from the post-restructuring period (1999 through 2002), as contained in the Tentative Order, shows that the reliability of service provided by several EDCs has deteriorated significantly since the pre-restructuring

period. Table 3 compares the worst three-year period prior to restructuring (again using data from 1993 to 1997) to actual utility performance during 1999-2001 and 2000-2002.

The table shows that while some utilities have shown some moderate improvement in their performance (notably Duquesne and PECO), others have deteriorated significantly (particularly Allegheny, GPU, and Penn Power).

SAIFI					
Utility-Region	Worst (Highest) 3-Year Average 1993-1997	Actual 1999-2001	Improvement (outages per customer)	Actual 2000-2002	Improvement (outages per customer)
Allegheny-System	0.87	0.90	(0.03)	1.05	(0.18)
Duquesne-System	1.19	1.19	0.00	1.20	(0.01)
GPU-Met-Ed	1.04	1.06	(0.02)	1.18	(0.14)
GPU-Penelec	1.22	1.36	(0.14)	1.58	(0.36)
Penn Power - System	0.98	1.44	(0.46)	1.41	(0.43)
PECO-System	1.37	1.20	0.17	1.21	0.16
PP&L-System	0.89	0.93	(0.04)	1.04	(0.15)
CAIDI					
Utility-Region	Worst (Highest) 3-Year Average 1993-1997	Actual 1999-2001	Improvement (minutes per outage)	Actual 2000-2002	Improvement (minutes per outage)
Allegheny-System	178	206	(28)	208	(30)
Duquesne-System	110	84	26	86	24
GPU-Met-Ed	121	168	(47)	164	(43)
GPU-Penelec	108	148	(40)	159	(51)
Penn Power - System	95	108	(13)	122	(27)
PECO-System	111	122	(11)	107	4
PP&L-System	133	132	1	128	5
SAIDI					
Utility-Region	Worst (Highest) 3-Year Average 1993-1997	Actual 1999-2001	Improvement (minutes per outage)	Actual 2000-2002	Improvement (minutes per outage)
Allegheny-System	138	185	(47)	220	(82)
Duquesne-System	123	101	22	104	19
GPU-Met-Ed	120	175	(55)	188	(68)
GPU-Penelec	117	209	(92)	254	(137)
Penn Power - System	91	155	(64)	168	(77)
PECO-System	152	148	4	120	32
PP&L-System	116	123	(7)	135	(19)

Sadly, in some parts of Pennsylvania, customers experience outages at a 50% higher rate than they did historically (Penn Power), or suffer through outages that last more than twice as long as they used to (Penelec). This level of performance is not only unacceptable, it is precisely what the Choice Act's reliability directives were designed to prevent. The Commission, therefore, must establish and enforce reliability standards that require utilities to meet the same level of performance that they provided prior to restructuring.

The proposed standards in the Tentative Order move toward that goal but do not achieve it. The standards remain at a level that allows EDC performance to deteriorate significantly from the pre-restructuring level of reliability. AFL-CIO recommends, therefore, that the Commission should establish standards that are equal to the worst three-year average experienced by each EDC from 1993 through 1997. In all cases but two (SAIFI for Allegheny and PECO), this would result in standards that are more stringent those proposed in the Tentative Order, as shown in Table 1.

In summary, AFL-CIO reiterates its strong support for the Commission's actions to adopt and enforce standards, including reporting requirements, that help to ensure that EDCs provide reliable electric service. The goal of the Choice Act was to ensure that reliability of service would not deteriorate with the move toward a restructured electricity market. In order to achieve this goal, the Commission should adopt standards that are tied to system performance during the worst three-year period actually experienced by

each EDC between 1993 and 1997. Adopting and enforcing such standards would help to reverse the trend toward ever-worsening performance by some EDCs.

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