

Pennsylvania Public Utility Commission  
Attention: Secretary James J. McNulty  
P.O. Box 3265  
Harrisburg, PA 17105-3265

October 8, 2003

Re: Rulemaking Re Amending Electric Service Reliability Regulations  
At 52 Pa. Code Chapter 57  
Docket No. M-00991220 and L-00030161

Dear Secretary McNulty:

By this letter, Pike County Light & Power Company (“Pike”) submits its comments in response to the Pennsylvania Public Utility Commission’s (“Commission”) Tentative Order and Request for Comments on the proposed guidelines and standards for performance reliability (“Proposal”) set forth by the Commission in its order entered on June 27, 2003 in the above-referenced proceeding. Pike also joins in the comments submitted by the Energy Association of Pennsylvania (“EAPA”) on behalf of Pike and the other investor-owned electric distribution companies in the Commonwealth, to the extent that they are consistent with Pike’s comments.

Pike is the smallest investor-owned electric distribution company (“EDC”) in Pennsylvania with only 2 distribution circuits and approximately 4,400 customers. As noted below, Pike’s diminutive size serves as the driving force behind its comments. While as currently drafted the Proposal makes some allowance for smaller EDCs, from Pike’s singular perspective, the Proposal remains extremely ill suited and inordinately burdensome.

#### Benchmarks and Standards

The Proposal seeks to tighten the Commission’s standards for performance reliability (i.e., SAIFI, CAIDI, and SAIDI<sup>1</sup>) in the electric distribution industry by replacing its current two-standard deviation minimum performance standard approach with a two-tiered reliability performance standard. One tier would incorporate a rolling

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<sup>1</sup> SAIFI is the System Average Interruption Frequency Index that measures the average frequency of sustained interruptions per customer during the analysis period. CAIDI is Customer Average Interruption Duration Index that measures the average duration of sustained interruptions for those customers who experience interruptions during the analysis period. SAIDI is the System Average Interruption Duration Index that measures the average duration of sustained customer interruptions per customer occurring during the analysis period.

36-month performance, while the other tier would incorporate a rolling 12-month performance. Pike requests that the Commission reconsider the 12-month and 36-month performance standards for SAIFI, CAIDI, and SAIDI that would be applicable to Pike. The performance standards applicable to Pike are, aside from those applicable to Citizens Electric Company, the most stringent among all EDCs. It makes little sense to impose the most severe performance expectations on companies such as Pike, whose modest size makes them an unwilling hostage to the inherent variability of reliability statistics. In light of these circumstances and as an alternative to the Proposal, Pike recommends, with respect to the small EDCs only, a return to setting performance standards using a standard deviation approach, as set forth below.

The benchmarks and standards set forth in the Proposal reflect each EDC's historic performance during the period 1994 - 1998. Pike proposes that these benchmarks and standards be revised for Pike utilizing 1999 – 2002 data. Aside from the benefit of utilizing data that better reflects Pike's current circumstances, utilization of data from this more recent period will allow for the incorporation of the results from Pike's Outage Management System ("OMS"), which was introduced in 1999. As the Commission observed in the Tentative Order (pages 14-16), the reliability monitoring information provided by automated reliability management systems, like Pike's OMS, is markedly superior to that provided by earlier monitoring processes. Accordingly, Pike urges the Commission to utilize Pike's 1999-2002 data in setting the revised standards.

Although the Proposal rejects the two standard deviation measure, Pike proposes that the Commission retain the utilization of setting the standards utilizing a standard deviation approach for the smaller EDCs, albeit at tighter levels. Using the revised standards set forth in the Proposal, Pike would miss the rolling three-year standard level 80% of the time, and the rolling 12-month standard level 32% of the time. The problem that exists for the smaller EDCs, and particularly for Pike since its electric delivery system is so small in Pennsylvania (i.e., Pike has two circuits and approximately 4,400 customers), is that there is a significant amount of volatility in the statistics. Much of this volatility is usually caused by small events that skew the statistics and distort the Company's successful efforts in providing acceptable reliability. Another example of this volatility is the effects of weather. In 2002 because it was a stormy year for Pike, the Company had a significantly higher number of storms, but their severity were not that great. As a result, more of the customers affected were not excludable, which tripled Pike's reportable SAIFI from 0.35 in 2001 to 1.05 in 2002.

Additionally, because Pike's average SAIFI and SAIDI for the 1994 to 1998 time period are rather low to begin with (0.39 and 66 respectively), setting standards of 10% and 35% above average, for the rolling three-year and 12-month standards, respectively, does not provide an adequate upper band to properly reflect the level of volatility described above. This level of volatility, that is much more prevalent for the smaller EDCs, justifies the retention of a standard deviation method that will provide some mathematical basis for explaining this performance variation to set standard levels.

Accordingly, Pike proposes that for the 12-month rolling average, the Commission use 1.5 standard deviations as the standard, and for the 36-month rolling average, the Commission use 1.0 standard deviation as the standard, again, utilizing the most recent Pike data available from the 1999 – 2002 timeframe to set these revised standards. Implementation of this approach would provide the dual benefit of tightening the standards from current levels while providing for the greater latitude in performance results that the Commission acknowledges small EDCs require.

### Reporting Requirements

As to the Proposal's reporting requirements, Pike recommends that, as to small EDCs only, the annual report only be required to comply with subsections (1) – (3) of Section 57.195(b). The remaining subsections of this provision seek a level of detail that is simply inappropriate for a utility of Pike's size. Similarly, subjecting EDCs the size of Pike to the quarterly reporting requirements set forth in Section 57.195(e) would increase significantly Pike's workload with minimal countervailing benefits. Pike proposes that its quarterly reporting obligation be limited to providing updated SAIFI, CAIDI, and SAIDI statistics pursuant to Section 57.195(e)(2).

Also, in keeping with Pike's comments set forth above, and in response to Secretary McNulty's letter dated September 8, 2003 regarding the clarification on the timing of the initial quarterly reporting requirements, Pike proposes that its quarterly reporting obligation for the November 1, 2003 report be limited to providing updated SAIFI, CAIDI, and SAIDI statistics pursuant to Section 57.195(e)(2).

Pike appreciates this opportunity to submit its comments on the Proposal. Pike remains committed to providing safe and reliable service to its customers. Please contact me if you have any questions regarding these comments or require any additional information.

Very truly yours,

Angelo M. Regan, P.E.  
Chief Distribution Engineer  
Pike County Light and Power  
(Orange and Rockland Utilities, Inc.)