

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Advance Notice of 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 :

COMMENTS OF CITIZENS' ELECTRIC COMPANY

I. INTRODUCTION

Citizens' Electric Company ("Citizens") hereby submits its comments in response to the Pennsylvania Public Utility Commission's ("Commission") Advance Notice of Proposed Rulemaking Order ("Advance Notice"), issued in the above-referenced docket, regarding the possible establishment of inspection and maintenance standards for the Electric Distribution Companies ("EDCs"). The Advance Notice was issued by the Commission on November 18, 2004, and published in the Pennsylvania Bulletin, Volume 34, Number 50, Saturday, December 11, 2004, Harrisburg, PA, Pages 6489--6628.

II. SUMMARY

Citizens' believes it is not necessary for the Commission to adopt inspection and maintenance standards to ensure continued reliable electric delivery service in Pennsylvania. It is important for each EDC to retain the flexibility to manage its distribution system and devote resources to the specific areas that will most improve that Company's reliability. Pennsylvania EDCs have distribution facilities in vastly differing geographic territories. A corresponding variety of equipment and operational techniques is required to effectively address the challenges of these differing territories. We

recognize that EDCs would have the latitude to continue with internal inspection and maintenance programs which may have more stringent requirements than PUC mandated standards. However, a uniform standard for the entire state may require an EDC to perform work that does not generate a measurable reliability benefit and will consequently limit the efficiency and flexibility of an individual EDC to direct resources in accordance with its own reliability program priorities. Any mandated expansion of an EDC's existing inspection and maintenance program must have a corresponding quantifiable value or benefit for its customers. Due to its relatively small service territory, Citizens' Electric generally has direct knowledge of specific threats and deterioration of its system reliability and can therefore direct corrective action toward these issues as needed.

The Commission has established reliability performance standards for all EDCs and Citizens' Electric intends to take all actions necessary to achieve the prescribed performance levels. These actions include the continuation of a well-established, comprehensive inspection and maintenance program. Implementation of a generalized statewide program will not afford the efficiency and flexibility Citizens' currently employs to tailor its program to the specific needs of its distribution system.

III. SPECIFIC COMMENTS

The Advance Notice set forth five separate topics on which the Commission requested comment. Comments are addressed numerically as they appear in the Advance Notice.

1. Whether it is appropriate for the Commission to adopt specific inspection and maintenance standards.

Citizens' Electric does not believe prescriptive inspection and maintenance standards are necessary and that such standards will limit flexibility and efficiency. There are many variables among the distribution systems of the EDCs serving Pennsylvania. These variables include the type of equipment used, distribution voltages employed, equipment age, loading, etc. In addition, the service territories vary widely, ranging from dense urban areas to sparse, rural mountain tops. These differences call for maintenance programs tailored to the challenges facing each specific EDC and could vary significantly, even within an EDC, depending upon territory, equipment in use, etc.

2. Whether standards should be placed in the regulations which are specific to each individual EDC, or whether all EDCs should be held to the same standard, and how would this be monitored and regulated.

Due to the numerous variables mentioned in (1) above, one common standard applied across the entire industry would limit efficiency and flexibility. EDCs must retain the flexibility to direct resources where they will have the most impact on system reliability. By adding required activities that may not be particularly beneficial to its specific distribution system, uniform prescriptive inspection and maintenance standards would limit Citizens' ability to prioritize and direct its resources where experience has shown they are most effective.

The Commission already has in place the best measure of an EDC's inspection and maintenance program effectiveness in the form of reliability indices. While index fluctuations must be interpreted using sound judgment and application of facts, a negative trend in SAIFI, SAIDI, or CAIDI is sure to command attention from the EDC as well as the Commission. Individual inspection and maintenance activities are the means to ensure that reliability, as measured by the above indices, remains in compliance. These activities are best left to the discretion of the EDC to devote resources where needed to maintain system reliability.

3. What standards should be regarding vegetation management practices, pole inspections, transmission and distribution line inspections, substations, transformers, reclosers, and other types of inspection and maintenance practices.

Many factors can influence the determination of inspection and maintenance cycles for vegetation, poles and equipment. As discussed above, these factors include overall age of the system, equipment duty cycles, electrical loading, past maintenance history, etc. It is not practical to establish a single common standard for uniform application to the wide variety of situations that exist among the various EDCs serving Pennsylvania. Citizens' Electric places a great emphasis on system reliability and performance. As a result, it has developed a specific inspection and maintenance program based on factors unique to its operation. This program ensures that employees and management maintain a direct knowledge of reliability issues and can quickly and efficiently identify and respond to

any issues that pose a threat to reliability. Statewide standards will undoubtedly restrict this efficiency, and could lead to unnecessary expenditures to perform low value tasks.

4. Whether standards should be established for repair and maintenance of electric distribution company equipment or facilities that are critical for system reliability.

Universally defining what equipment is “critical”, and maintaining that list, will be an extremely subjective and difficult task. As standard operating practice, an EDC first directs resources toward the repair and maintenance of facilities which have the most impact on distribution system reliability. In addition, EDCs typically design redundancy into their transmission and distribution systems to the extent it is economically practical. These design choices generally limit the impact that any specific failure can have on the overall distribution system, and as a result, limit the number of facilities which are critical to system reliability. For these reasons, a standard statewide definition or inventory of “critical” equipment will not necessarily be congruent with the choices an individual EDC may make based on the unique nature of its distribution system.

5. Whether there should be automatic civil penalties written into the regulations for failure to meet standards for more than three consecutive quarters or some other reasonable time period, depending upon the type of inspection and maintenance that is at question.

The Commission already has mechanisms in place to ensure continued distribution system reliability. Specifically, 52 PA Code § 57.194(h)(1) provides:

Performance that does not meet the standard for any reliability measure shall be the threshold for triggering additional scrutiny and potential compliance enforcement actions by the Commission's prosecutorial staff.

Establishing automatic penalties will limit the Commission's ability to exercise judgment when considering the facts surrounding specific inspection and maintenance issues. Additionally, many factors can affect the completion of maintenance activities. These range from weather to availability of equipment, material, and contractors. If such circumstances arise that cause an unavoidable delay to the completion of an EDC's inspection and maintenance program, an automatic penalty will not change an EDC's response to these circumstances which are beyond its control.

IV. CONCLUSION

Citizens' Electric recognizes the importance of reliability and has established an effective distribution system inspection and maintenance program to ensure continued reliable service across its territory. This program is based on good utility practice and years of experience, and is tailored for the individual characteristics of Citizens' distribution system. By adding required activities that may not be particularly beneficial to its specific distribution system, uniform prescriptive inspection and maintenance standards would limit Citizens' ability to prioritize and direct its resources where experience has shown they are the most effective. Additionally, such standards could impact Citizens' operational efficiency, cost effectiveness and potentially, even reliability, by requiring Citizens' to expend resources performing mandated inspection and maintenance activities

that it otherwise might determine would add no value for its customers. Any mandated expansion of an EDC's existing inspection and maintenance program must have a corresponding quantifiable value or benefit for its customers.

The intended benefit of inspection and maintenance standards is to ensure continued power system reliability for the customers of the PA EDCs. The Commission already has ample reliability monitoring in place, in the form of quarterly and annual reliability reports, customer-reported complaints, and customer satisfaction surveys. Reliability is a long-term endeavor that should be monitored as such.

Respectfully submitted,

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