



CITIZENS' ELECTRIC COMPANY

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April 24, 2008

Mr. James J. McNulty
Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

L-00030161

Dear Mr. McNulty,

Enclosed please find an original and six copies of the 2007 Annual Reliability Report for Citizens' Electric Company.

Please contact me at 570-522-6143 or kelchnerj@citizenselectric.com if I can answer any questions.

Sincerely,

A handwritten signature in black ink that reads "John A. Kelchner". The signature is fluid and cursive.

John A. Kelchner, PE
Vice President of Engineering & Operations

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cc: Pennsylvania Office of Consumer Advocate
Pennsylvania Office of Small Business Advocate
Darren Gill (via email)

**DOCUMENT
FOLDER**

Citizens' Electric Company
Annual Electric Service Reliability Report
2007

Prepared by John A. Kelchner, PE
Vice President of Engineering & Operations
570-522-6143
kelchnerj@citizenselectric.com
04/24/2008

§ 57.195(b)(1) An overall current assessment of the state of the system reliability in the EDC's service territory including a discussion of the EDC's current programs and procedures for providing reliable electric service.

Citizens' enjoyed another successful year for its maintenance and inspection programs. Overall, the system performed well. However, an active late spring/early summer storm season contributed to an increase in SAIFI and SAIDI statistics this year. During June, we experienced six weather-related outages as strong storms with wind and heavy rain repeatedly moved through the area. In contrast, during June of 2006, we had just two weather-related outages.

Also in June, we experienced two unusual vehicle accidents, each affecting a significant number of customers (4.6% and 7.1%). This compares to just one vehicle accident (affecting only five customers) in all of 2006.

Work continued on the implementation of an Automated Mapping/Facilities Management system during 2007. All distribution lines, poles and equipment have been mapped. During 2007, we continued entering the associated data such as size, date installed, and status for each piece of equipment on the map. This work will continue through 2008. We are also in the early stages of generating engineering models from the facilities data contained in the mapping system. These models will help us evaluate future system performance and direct resources to the most effective system improvement projects.

In December, Citizens' installed a substation SCADA system. Initially, this system is performing load monitoring and voltage recording. In the future, its capabilities will be expanded as practical to include additional system monitoring and recording capabilities in an effort to rapidly detect problems and prevent or reduce outage durations.

Citizens' Electric was again recognized in 2007 as a "Tree Line USA" utility. This award from the National Arbor Day Foundation recognizes Citizens' for using nationally approved trimming techniques and procedures in its vegetation management program.

Citizens' Electric does not own or maintain any transmission facilities.

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Current Maintenance Programs

Program	Description	Cycle
Infrared Inspection	All substation equipment biennially, and 1/3 of all overhead lines each year.	3 years
Vegetation Management	Each year, all primary lines are visually inspected. This comprehensive field inspection allows us to identify areas that require trimming. We maintain a 4-year trimming cycle, but all areas are inspected annually to help identify unexpected "hot spots." All areas needing attention are trimmed by the end of the 3 rd quarter.	Annual
Visual Line Inspection	All distribution lines and pole hardware are visually inspected during preparation of tree trimming contract. Line sections receiving infrared inspection are also inspected visually during that process.	Annual
Padmount Equipment Inspection	Padmounted equipment is visually inspected to identify and correct any developing problems or safety concerns.	4 Years
3Ø Padmount Transformer Oil Test	Insulating oil is tested from every 3Ø padmounted transformer on our system, and all substation power transformers.	Annual
Line Equipment Inspection	All airswitches, circuit tie switches, capacitors, regulators, and reclosers are visually inspected. Where applicable, proper operation of control equipment is verified and counter readings are recorded.	Annual
Pole Inspection and Treatment	Poles are inspected and treated at the ground line. External and/or internal decay inhibitors are applied where appropriate.	10 Years
Danger & Reject Pole Replacements	Replace condemned poles identified during pole inspection.	As needed, annually
Substation Equipment Inspection	Entire station is visually inspected. Equipment batteries are tested, communications equipment operation is verified, fans are tested, various gauge and counter readings are recorded. An infrared inspection is performed on all equipment twice a year.	Monthly
Recloser Maintenance	Change oil, check and adjust mechanism, check contacts, test operation.	Manufacturer's Recommendations

§ 57.195(b)(2) A description of each major event that occurred during the year being reported on, including the time and duration of the event, the number of customers affected, the cause of the event and any modified procedures adopted to avoid or minimize the impact of similar events in the future.

Date	Time	Duration (Minutes)	Customers Affected	Cause
3/19/2007	9:43 PM	104	947	During a period of light freezing rain, an off R/W tree fell onto a 3 phase line interrupting all customers on that circuit. This outage occurred a few days after a period of heavy rain and snow saturated the ground. A light coating of ice had accumulated on the tree that fell.
5/10/2007	3:59 PM	247	882	A strong thunderstorm with frequent lightning moved through the area causing equipment damage and outages. The lightning associated with this storm was significant. Crews reported observing a large number of strikes as the storm moved across our territory.
7/25/2007	2:04 AM	196	1,266	A pin insulator supporting a phase conductor on a crossarm failed, interrupting service to 1,266 customers. The failed insulator was installed on October 3, 2006 and had been in service less than ten months. It showed no predisposition to failure prior to this outage.
11/18/2007	10:16 AM	119	688	A single lightning arrestor failed during a heavy rain/snow mix. This arrestor had been visually inspected within the previous 12 months and inspected with infrared equipment in the past 24 months. No problems were apparent.

§ 57.195(b)(3) A table showing the actual values of each of the reliability indices (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the EDC's service territory for each of the preceding 3 calendar years. The report shall include the data used in calculating the indices, namely the average number of customers served, the number of sustained customer minutes interruptions, the number of customers affected and the minutes of interruption. If MAIFI values are provided, the number of customer momentary interruptions shall also be reported.

Year	SAIFI	SAIDI	CAIDI	Avg # of Customers Served	# of Interruptions	# of Customers Interrupted	Customer Interruption Minutes
2007	0.25	16	62	6,735	68	1,700	105,981
2006	0.14	10	68	6,693	58	964	65,449
2005	0.10	12	116	6,657	33	667	77,100
Standard	0.27	33	141				

§ 57.195(b)(4) A breakdown and analysis of outage causes during the year being reported on, including the number and percentage of service outages, the number of customers interrupted, and customer interruption minutes categorized by outage cause such as equipment failure, animal contact, tree related, and so forth. Proposed solutions to identified service problems shall be reported.

Outage Cause	Number of Interruptions	% of Interruptions	Number of Customers Affected	Customer Interruption Minutes
On R/W Trees	0	0	0	0
Animals	24	35.2	311	13,218
Equipment	17	25	91	6,674
Off R/W Trees	4	5.9	33	2,810
Weather	15	22.1	357	29,940
Vehicle	5	7.4	888	51,877
Other	3	4.4	20	1,462
Total	68		1,700	105,981

Animals continued to be the largest cause of outages on an annual basis. Most of the animal-related outages affected very small numbers of customers for short periods of time. We are continuing to install wildlife protection and to evaluate methods to further harden our system against animal outages.

§ 57.195(b)(6) Comparison of established transmission and distribution inspection and maintenance goals/objectives versus actual results achieved during the year being reported on. Explanations of any variances shall be included.

Program	Goal	Completed	Comment
Infrared Inspection	Substation and 1/3 of all overhead lines	100%	
Vegetation Management	Entire System (9 circuits), as needed	100%	
Visual Line Inspection	Entire System (9 circuits)	100%	
Padmount Equipment Inspection	154 Locations	100%	150 locations inspected, 4 locations removed
3Ø Padmount Transformer Oil Test	33 Transformers	100%	32 locations tested. Installation of 1 unit delayed to 2008.
Line Equipment Inspection	173 locations	100%	
Pole Inspection and Treatment	500 Poles	108%	540 poles inspected. 40 poles added to facilitate cycle efficiency.
Danger and Reject Pole Replacement	3 Poles	100%	3 reject poles replaced. No Danger poles identified.
Substation Equipment Inspection	12 Monthly Inspections	100%	12 inspections completed
Recloser Maintenance	9 Reclosers	67%	6 reclosers maintained. Maintenance on one unit (located at an inactive industrial customer) delayed pending evaluation for possible removal. Two remaining units to be maintained in early 2008, delayed in 2007 due to bad weather at end of year.

§ 57.195(b)(7) A comparison of budgeted versus actual transmission and distribution operation and maintenance expenses for the year being reported on in total and detailed by the EDC's own functional account code or FERC account code as available. Explanations of any variances 10% or greater shall be included.

Program	Budget \$	Actual \$	Comment
Infrared Inspection		4,388	Not budgeted individually. 100% completed.
Vegetation Management	69,500	65,802	100% of system completed. Budgeted storm work was not needed.
Visual Line Inspection		1,105	Not budgeted individually. 100% completed.
Padmount Equipment Inspection		3,657	Not budgeted individually. 100% completed.
3Ø Padmount Transformer Oil Test		3,270	Not budgeted individually. 100% Completed.
Line Equipment Inspection		12,908	Not budgeted individually. 100% completed.
Pole Inspection and Treatment	19,000	16,797	
Danger and Reject Pole Replacement		3,598	Not budgeted individually
Substation Equipment Inspection		4,419	Not budgeted individually. 100% completed.
Other Unplanned Maintenance		75,365	Not budgeted individually. Primarily employee-reported problems, Work Orders 20070810, 20081014, 20070908, 07-C-09-07, 04-C-04-07, 04-C-05-07,07,-C-06-07, 08-C-10-07, 06-C-07-07, 04-C-10-07, 07-C-10-07, 04-C-11-07, 05-C-09-07, 08-C-05-07, 03-C-07-07, 01-C-14-07, 07-C-07-07, 06-C-12-07, 06-C-02-07, 02-C-09-07, 08-C-02-07
Recloser Maintenance		6,795	Not budgeted individually.
Total		198,104	

§ 57.195(b)(8) A comparison of budgeted versus actual transmission and distribution capital expenditures for the year being reported on in total and detailed by the EDC's own functional account code or FERC account code as available. Explanations of any variances 10% or greater shall be included.

Project	Budget Amount	Actual Expenditures	Variance	Comment
Rt. 45 Feeder Reinforcement	\$136,100	\$110,702	\$25,398	By successfully negotiating weekend outages with various commercial customers in the area, crews were able to perform key parts of this project de-energized, realizing significant labor savings.
Total	\$136,100	\$110,702	\$25,398	

§ 57.195(b)(9) Quantified transmission and distribution inspection and maintenance goals/objectives for the current calendar year detailed by system area (that is, transmission, substation and distribution).

Program	Goal
Infrared Inspection	Substation and 3 circuits
Vegetation Management	Entire System (9 circuits), as needed
Visual Line Inspection	Entire System (9 circuits)
Padmount Equipment Inspection	154 Locations
3Ø Padmount Transformer Oil Test	33 Transformers
Line Equipment Inspection	173 Locations
Pole Inspection and Treatment	600 Poles
Danger and Reject Poles	To be determined from pole inspections
Substation Equipment Inspection	12 Monthly Inspections
Recloser Maintenance	To be determined from counter readings.

§ 57.195(b)(10) Budgeted transmission and distribution operation and maintenance expenses for the current year in total and detailed by the EDC's own functional account code or FERC account code as available.

(These items are not budgeted by FERC account.)

Program	Budget \$	Comment
Infrared Inspection	N/A	Not budgeted individually
Vegetation Management	\$70,700	
Visual Line Inspection	N/A	Not budgeted individually
Padmount Transformer Inspection	N/A	Not budgeted individually
3Ø Padmount Transformer Oil Test	\$3,600 (estimated)	Not budgeted individually
Line Equipment Inspection	N/A	Not budgeted individually
Pole Inspection and Treatment	\$19,000	
Danger and Reject Poles	N/A	Not budgeted individually
Substation Equipment Inspection	N/A	Not budgeted individually
Recloser Maintenance	N/A	Not budgeted individually
Total	\$93,300	

§ 57.195(b)(11) Budgeted transmission and distribution capital expenditures for the current year in total and detailed by the EDC's own functional account code or FERC account code as available.

(These items are not budgeted by FERC account.)

Project	Budget Amount
Mazeppa Rebuild	\$66,070
Fairfield Rd 3 Phase Upgrade	\$85,485
Rt. 45 Regulators	\$50,870

§ 57.195(b)(12) Significant changes, if any, to the transmission and distribution inspection and maintenance programs previously submitted to the Commission.

No significant changes.