

Regulatory Analysis Form

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(1) Agency

Pennsylvania Public Utility Commission

(2) I.D. Number (Governor's Office Use)

L-00970120/57-185

IRRC Number: 1893

(3) Short Title

Electric Service Reliability Standards

(4) PA Code Cite

52 Pa. Code 57.191-57.197

(5) Agency Contacts & Telephone Numbers

Primary Contact: Blaine J. Loper, Bureau of Conservation,
Economics and Energy Planning 717-787-3810 (technical)

Secondary Contact: Patricia Krise Burket, Law Bureau, 717-787-
3464 (legal)

(6) Type of Rulemaking (check one)

- Proposed Rulemaking
 Final Order Adopting Regulation
 Final Order, Proposed Rulemaking Omitted

(7) Is a 120-Day Emergency Certification Attached?

- No
 Yes: By the Attorney General
 Yes: By the Governor

(8) Briefly explain the regulation in clear and nontechnical language.

The regulations establish standards and procedures for continuing and ensuring the safety and reliability of electric service in Pennsylvania. The standards provide a uniform method of assessing the reasonableness of electric service reliability.

(9) State the statutory authority for the regulation and any relevant state or federal court decisions.

66 Pa. C.S. Sections 501, 524, 1102, 1103, 1501, 1504, 1505, 2802(12), 2802(20), 2803, 2804(1), 2805, 2807 and 2809.

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(10) Is the regulation mandated by any federal or state law or court order, or federal regulation? If yes, cite the specific law, case or regulation, and any deadlines for action.

Yes. 66 Pa. C.S. 2802(12), 2802(20), 2803, 2804(1), 2807, 2809.

(11) Explain the compelling public interest that justifies the regulation. What is the problem it addresses?

Reliable electric service is of the utmost importance to the health, safety and welfare of the citizens of the Commonwealth. Electric utility restructuring must ensure that the current level of reliability of the interconnected electric system is maintained. With the restructuring of the electric utility industry and, in particular, the deregulation of electric generation, there may be a reluctance to invest in new facilities necessary to maintain the reliability of the system, in order to maximize profits.

(12) State the public health, safety, environmental or general welfare risks associated with nonregulation.

If the Commission does not require reliability standards for the electric utility industry, there may be a potential for the reliability of electric service in the Commonwealth to deteriorate. Generating capacity deficiencies and reductions in the maintenance of transmission and distribution facilities may result in an increased frequency, duration and magnitude of electric service interruptions, adversely affecting homes and businesses. In turn, the public's health and safety will be affected adversely.

(13) Describe who will benefit from the regulation. (Quantify the benefits as completely as possible and approximate the number of people who will benefit.)

Customers of electric service, whether citizens of Pennsylvania or visitors to Pennsylvania, will benefit by having safe and reliable service.

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(14) Describe who will be adversely affected by the regulation. (Quantify the adverse effects as completely as possible and approximate the number of people who will be adversely affected.)

No person or entity will be adversely affected by this regulation.

(15) List the persons, groups or entities that will be required to comply with the regulation. (Approximate the number of people who will be required to comply.)

All electric public utilities under the Commission's jurisdiction (11 companies) and all electric generation suppliers serving retail customers within Pennsylvania will be required to comply with the regulation. It is not currently known how many electric generation suppliers will apply for a license to sell electricity to retail customers.

(16) Describe the communications with and input from the public in the development and drafting of the regulation. List the persons and/or groups who were involved, if applicable.

Comments were filed in response to a proposed rulemaking, which was published in the Pennsylvania Bulletin on October 11, 1997, at 27 Pa.B. 5262 with a 60-day comment period. Comments were received from John G. Alford, former PUC Secretary; Enron Power Marketing, Inc.; the Industrial Energy Consumers of Pennsylvania; the International Brotherhood of Electrical Workers' Pennsylvania Utility Caucus; GPU Energy; the Office of Consumer Advocate; the Pennsylvania Electric Association; PP&L, Inc.; the Pennsylvania Rural Electric Association; PECO Energy Company; Lebanon Methane Recovery, Inc.; Ford Motor Land Services Corporation; and UGI Utilities, Inc. - Electric Division.

(17) Provide a specific estimate of the costs and/or savings to the regulated community associated with compliance, including any legal, accounting or consulting procedures which may be required.

Minimal costs will be required to submit a reliability report to the Commission pursuant to Section 57.195. No savings are known at this time.

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(18) Provide a specific estimate of the costs and/or savings to local governments associated with compliance, including any legal, accounting or consulting procedures which may be required.

Not applicable.

(19) Provide a specific estimate of the costs and/or savings to state government associated with the implementation of the regulation, including any legal, accounting, or consulting procedures which may be required.

Commission staff will be required to analyze the reliability reports (Section 57.195) and may be required to perform investigations (Section 57.197).

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(20) In the table below, provide an estimate of the fiscal savings and costs associated with implementation and compliance for the regulated community, local government, and state government for the current year and five subsequent years.

	Current FY Year	FY +1 Year	FY +2 Year	FY +3 Year	FY +4 Year	FY +5 Year
SAVINGS:	\$	\$	\$	\$	\$	\$
Regulated Community						
Local Government						
State Government						
Total Savings						
COSTS:						
Regulated Community						
Local Government						
State Government						
Total Costs						
REVENUE LOSSES:						
Regulated Community						
Local Government						
State Government						
Total Revenue Losses						

(20a) Explain how the cost estimates listed above were derived.

Not measurable at this time.

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(20b) Provide the past three year expenditure history for programs affected by the regulation.

Program	FY -3	FY -2	FY -1	Current FY
Not applicable.				

(21) Using the cost-benefit information provided above, explain how the benefits of the regulation outweigh the adverse effects and costs.

The benefits of safe and reliable energy service to the public outweighs any minimal costs, especially when protecting the public health and safety.

(22) Describe the nonregulatory alternatives considered and the costs associated with those alternatives. Provide the reasons for their dismissal.

Not applicable. Only through established regulatory procedures and enforcement mechanisms can the PUC protect the public.

(23) Describe alternative regulatory schemes considered and the costs associated with those schemes. Provide the reasons for their dismissal.

No alternative was considered. See #22.

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(24) Are there any provisions that are more stringent than federal standards? If yes, identify the specific provisions and the compelling Pennsylvania interest that demands stronger regulation.

No.

(25) How does this regulation compare with those of other states? Will the regulation put Pennsylvania at a competitive disadvantage with other states?

Since Pennsylvania is one of the first states to implement electric competition, no valid comparison can be made at this time.

(26) Will the regulation affect existing or proposed regulations of the promulgating agency or other state agencies? If yes, explain and provide specific citations.

The regulation will supplement Chapter 57 of the Commission's current regulations. The Office of Consumer Advocate and the Office of Small Business Advocate will be involved to the extent that the customers represented by these agencies should be afforded safe and reliable electric service.

(27) Will any public hearings or informational meetings be scheduled? Please provide the dates, times, and locations, if available.

No.

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(28) Will the regulation change existing reporting, record keeping, or other paperwork requirements? Describe the changes and attach copies of forms or reports which will be required as a result of implementation, if available.

Additional reporting requirements are required under Section 57.195. An annual reliability report is required to be filed with the Commission.

(29) Please list any special provisions which have been developed to meet the particular needs of affected groups or persons including, but not limited to, minorities, elderly, small businesses, and farmers.

Not applicable.

(30) What is the anticipated effective date of the regulation; the date by which compliance with the regulation will be required; and the date by which any required permits, licenses or other approvals must be obtained?

Anticipated effective date is January 1, 1999.

(31) Provide the schedule for continual review of the regulation.

Once the regulation becomes effective, the Commission will continuously monitoring the effectiveness of this regulation by review of the annual reliability reports filed with the Commission, or through concerns expressed by consumers.

**FACE SHEET
FOR FILING DOCUMENTS
WITH THE LEGISLATIVE REFERENCE BUREAU**

(Pursuant to Commonwealth Documents Law)

DO NOT WRITE IN THIS SPACE

Copy below is hereby approved as to form and legality. Attorney General.

BY _____
(DEPUTY ATTORNEY GENERAL)

DATE OF APPROVAL

Check if applicable
Copy not approved. Objections attached

Copy below is hereby certified to be true and correct copy of a document issued, prescribed or promulgated by:

Pennsylvania Public Utility Commission
(AGENCY)

DOCUMENT/FISCAL NOTE NO. L-970120/57-185

DATE OF ADOPTION April 23, 1998

BY James J. McNulty
James J. McNulty

TITLE (SECRETARY)

Copy below is hereby approved as to form and legality. Executive or independent Agencies.

BY Bohdan R. Pankiw
Bohdan R. Pankiw
Acting Chief Counsel

5-7-98
DATE OF APPROVAL

Check if applicable. No Attorney General approval or objection within 30 days after submission.

L-970120/57-185
Final Rulemaking
Electric Service Reliability
52 Pa. Code Chapter 57

The Pennsylvania Public Utility Commission on April 23, 1998 adopted a final rulemaking to provide for continuing adequacy and reliability and ensuring safety of the generation, transmission and distribution of electricity in Pennsylvania. The contact persons are Patricia Krise Burket, Law Bureau (717) 787-3464 and Blaine J. Loper, Bureau of Conservation, Economics and Energy Programs, (717) 787-3810.

EXECUTIVE SUMMARY

**L-00970120/57-185
FINAL RULEMAKING
TO ENSURE ELECTRIC SERVICE RELIABILITY
52 Pa. Code §§57.191-57.197**

On June 12, 1997, the Commission promulgated proposed regulations to amend Chapter 57 by adding Subchapter N which establishes standards and procedures for assessing the reasonableness of electric service reliability. The proposed amendments were published in the *Pennsylvania Bulletin* on October 11, 1997, at 27 Pa. B. 5262, with a 60-day comment period.

At the public meeting held April 23, 1998, the Commission adopted an order which promulgates final regulations which are necessary to ensure the continued safety and reliability of electric service in Pennsylvania.

The final regulation requires electric distribution companies and electric generation suppliers to conform to the requirements of the North American Electric Reliability Council and the appropriate regional reliability council, or successor organizations. The regulation also adopts industry accepted performance indicators for monitoring the performance and reliability of the transmission and distribution systems, and requires annual filings of utility performance results.

The contact persons are Blaine J. Loper, Bureau of Conservation, Economics and Energy Planning, (717) 787-3810 (technical) and Patricia Krise Burket, Law Bureau, (717) 787-3464 (legal).

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held April 23, 1998

Commissioners Present:

John M. Quain, Chairman
Robert K. Bloom, Vice Chairman
John Hanger, Statement attached
David W. Rolka
Nora Mead Brownell

**FINAL RULEMAKING
To Amend 52 Pa. Code Chapter 57
to Ensure Electric Service Reliability**

Docket No. L-00970120

FINAL RULEMAKING ORDER

BY THE COMMISSION:

On December 3, 1996, Governor Tom Ridge signed into law Act 138 of 1996, the *Electricity Generation Customer Choice and Competition Act* (Act), which amends Title 66 of the Pennsylvania Consolidated Statutes ("Public Utility Code" or "Code") by adding Chapter 28 to establish standards and procedures to create direct access by retail customers to the competitive market for the generation of electricity, while maintaining the safety and reliability of the electric system.

In response to this legislative mandate, on January 24, 1997, the Commission instituted a rulemaking proceeding to develop regulations to ensure

the safety, adequacy and reliability of the generation, transmission and distribution of electricity in Pennsylvania. 66 Pa. C.S. §§2802(12), 2802(20), 2803, 2804(1), 2805(b)(1)(iii), 2807(a).

An advance notice of proposed rulemaking was published in the *Pennsylvania Bulletin* on February 15, 1997 (27 Pa. B. 809), with a 30-day comment period. Based upon the comments received, we promulgated proposed regulations to amend Chapter 57 of our regulations by adding Subchapter N which establishes standards and procedures for assessing the reasonableness of electric service reliability. On September 30, 1997, a copy of the proposed rulemaking was submitted to the Independent Regulatory Review Commission (IRRC) and the Chairpersons of the House Consumer Affairs Committee and the Senate Consumer Protection and Professional Licensure Committee. The proposed amendments were published in the *Pennsylvania Bulletin* on October 11, 1997, at 27 Pa. B. 5262, with a 60-day comment period.

Comments were received from: John G. Alford, former Commission Secretary; Enron Power Marketing, Inc. ("Enron"); Ford Motor Land Services Corporation (Ford); the Industrial Energy Consumers of Pennsylvania ("IECPA"); the International Brotherhood of Electrical Workers' Pennsylvania Utility Caucus ("IBEW"); IRRC; Lebanon Methane Recovery, Inc. (LMRI); Metropolitan Edison Company and Pennsylvania Electric Company (collectively, "GPU Energy"); the Office of Consumer Advocate ("OCA"); PECO Energy Company (PECO); the Pennsylvania Electric Association ("PEA"); the Pennsylvania Rural Electric Association (PREA); Pennsylvania Power & Light Company ("PP&L"); the Pennsylvania Rural Electric Association ("PREA"); and UGI Utilities, Inc. - Electric Division (UGI).

This order discusses the comments received and sets forth, in Annex A, final regulations governing the safety and reliability of electric service in Pennsylvania.

Many comments suggest that the proposed regulations adopted by the Commission failed to clearly communicate the basic approach to ensuring reliability. In general, the regulations establish recordkeeping and reporting requirements concerning various aspects of system reliability. However, the Commission believes that it is inappropriate, at this time, to establish specific performance standards due to the need to better understand existing performance levels and to permit flexible modification of standards as the competitive market develops.

Thus, these regulations generally utilize existing performance standards, such as those established under the National Electrical Safety Code (NESC) or by industry organizations, such as the Institute of Electrical and Electronic Engineers (IEEE), the North American Electric Reliability Council (NERC) and regional reliability organizations. IRRC comments that it was unable to determine from the proposed regulations what the performance standards would be or how they would be adopted. The Commission will issue additional orders pursuant to these regulations, from time to time, as necessary or appropriate to adopt specific benchmarks, based upon historic performance and/or standards for required performance. Such orders will be adopted following the opportunity for interested parties to submit comments. It is noted that historic or benchmark performance may either exceed or fail to meet acceptable performance standards.

It is also important to note the long-standing concept of "reasonable service" under traditional utility regulation. Reasonable service always has

balanced consumer demands and industry standards. Reliability performance standards must be consistent with this concept of reasonable service. Reasonable service for all consumers, considering the cost of providing such service, is the goal. Perfect service for all consumers, regardless of the cost, has never been the goal, and it cannot now be.

Existing Regulations.

Related existing regulations under 52 Pa. Code §§57.13 - 57.16 remain in effect. The definition of “service interruption” under section 57.17 is replaced by the new definitions under §57.192.

We agree with the OCA and IBEW that we cannot simply delete the existing regulations on maintenance and inspection and be consistent with the statutory directive to at least maintain or improve service quality. We have retained section 57.18(a) as section 57.194(c). Section 57.194(b) generally requires conformity with the NESC. While we are adopting the NESC as the basic external standard, neither existing regulations nor the NESC provides specific standards for inspection and maintenance. These standards will be adopted in subsequent orders.

Section 57.26 is deleted and has been replaced by sections 57.193(a) and 57.194(b).

§ 57.192. Definitions.

Several commentators suggest changes to definitions contained in the proposed rulemaking for clarification. Many of these suggestions have been incorporated in the final rule and are discussed below.

Adequacy

The transition to competition requires that “adequacy” include the delivery of power from multiple suppliers to customers in the service territory in an efficient open access network. Thus, the definition of “adequacy” has been modified.

Interruption Duration

Many commentators recommend modifications to the definitions relating to the duration of interruptions that would substantially change reporting requirements and performance standards. For example, IECPA proposes the adoption of existing IEEE standards, while PEA proposes the adoption of proposed IEEE standards. Upon consideration of these comments, we conclude that reference to an objective industry standard without specification of a defined time period is appropriate at this time. Thus, while the industry standard may change, these regulations need not be revised.

Major Event

PEA and PP&L aver that the cause of a major event should not be limited to weather or unusual equipment failures. They suggest that other

potential causes include relatively non-violent weather conditions, such as thunderstorms and snowstorms, other types of natural disasters, such as earthquakes, floods or fires, and incidents beyond the control of the electric distribution company (EDC), such as accidental damage, civil unrest or sabotage. PREA believes that weather conditions which routinely occur in Pennsylvania should be excluded from the definition unless they occur during and are attributable to a "disaster emergency" as declared by the Pennsylvania Emergency Management Agency (PEMA).

We agree with PEA and PP&L that measurement of compliance with benchmark or performance standards should not be inappropriately distorted by significant major events beyond utility control. However, all events that are beyond the control of the utility should not be excluded. For example, a normal winter storm is beyond utility control but causes many outages, and the EDC must maintain its distribution system sufficiently to reasonably minimize the likelihood of service outages. Even if major events are not reported in a way which may distort system performance averages, they remain the central reliability issue. These events should be reported and service response to major events must still be adequate. Thus, we will exclude major events, as defined, from inclusion in the performance indices, but will require EDCs to include them in the reporting of all service interruptions.

We believe that the limitation in the definition of major event to those outages affecting at least 10% of the customers in an operating area during the course of the event for a duration of 5 minutes each or greater is appropriate to ensure that routine outages, even if weather related or otherwise beyond the control of the EDC, are nevertheless considered. It is noted that nothing in these

regulations modify existing reporting or operational requirements related to PEMA or emergency operations.

The purpose of identifying a major event is to exclude abnormal events that would skew the data used in the calculation of reliability indices and make it difficult to objectively analyze performance. While there may be several weather and non-weather related causes of random major events, we believe that the key to identifying such an event is the magnitude of the event; i.e., the total number of customers affected by the event. Identification of every conceivable unusual occurrence is both impractical and unnecessary. Thus, we have revised this definition to include interruptions which are the results of involuntary factors beyond the control of the EDC. It is noted that under § 57.195(b), the EDC is required to annually provide an assessment of electric service reliability, including a discussion of major events occurring during the preceding calendar year. This will provide the Commission the opportunity to examine the causes of all major events identified by the EDC.

GPU Energy, PEA and PP&L believe that, when a major event affects more than one operating area, the resulting service interruptions for all affected areas should be excluded from the EDC's overall reliability indices, even though the other affected operating areas do not meet the threshold of at least 10% of the customers. We will accept this modification.

PECO believes that the 10% threshold is unfair to large EDCs and suggests that a 5% threshold is appropriate for PECO (approximately 75,000 customers). PECO alleges that the smaller EDCs will be removing a far greater percentage of events than the larger EDCs and wants assurance that it will be able to compete on a level playing field with the other Pennsylvania EDCs. In order for

the Commission to ensure the continuation of reliable electric service, we intend to identify benchmark performance based on historical performance and new performance standards. Utility performance will be evaluated based on these measures. Thus, we believe, PECO's concern is without merit.

Based on other comments from PEA and OCA, we have made revisions to the definition of major event to identify when a major event begins and ends, and to clarify that a major event does not include an EDC's actions to interrupt customers on interruptible rate tariffs who agree to interruptions in return for a rate discount.

Reliability Indices

GPU Energy and PP&L recommend that the System Average Interruption Duration Index (SAIDI) be deleted, since SAIDI can be calculated by multiplying Customer Average Interruption Duration Index (CAIDI) by System Average Interruption Frequency Index (SAIFI). Although we agree that SAIDI can be calculated from SAIFI and CAIDI, we believe that the EDC should perform the calculations to avoid questions concerning Commission calculations.

GPU Energy, PEA and PP&L suggest that the requirement for a Momentary Average Interruption Frequency Index (MAIFI) be deleted, since the information needed to calculate this index is difficult and extremely costly to obtain, without any real attendant benefits. We do not intend to require knowledge of every interruption or the expenditure of large amounts of capital to obtain such information. Only the reporting of known interruptions, of any duration, will be required. Thus, we have retained this performance indicator.

Sustained Customer Interruption

Several commentators suggest expanding this definition to clarify the types of service interruptions which are not to be considered sustained customer interruptions for the purpose of calculating the reliability indices. We find that the modified definition of major event and the exclusion of major events from the calculation of the reliability indices render the detailed and inconsistent qualifications of this definition unnecessary. Additionally, rather than adopting a specific outage duration, we are adopting the IEEE definitions as they may change from time to time.

Worst-Performing Circuits

Many commentators suggest modifications to the definition and use of the concept of worst-performing circuits in order to make it more practical and meaningful. Upon consideration of the comments, we conclude that identification of "worst-performing circuits" adds unnecessary complication to the regulations without increasing our ability to ensure the maintenance or improvement of system reliability. For example, if only 1% of a utility's circuits fails to meet the reliability standard, focusing on the 5% worst-performing circuits is not useful. The concept is similarly inapt if 10% of a utility's circuits do not meet the performance standards. Thus, the concept of "worst-performing circuits" has been deleted from the regulations. Instead, the regulations will provide for the establishment of performance standards that identify circuits or operating areas requiring improved performance.

§ 57.193. Transmission system reliability.

PEA comments that facilities governed by the NESC, while required to meet current NESC requirements upon their initial installation, are permissibly maintained and operated in conformity with the relevant requirements of the same NESC edition, not “the most recent” edition. The application of the NESC is limited to new installations and extensions. PEA also states that the NESC requirements relate to the electrical, mechanical and civil engineering aspects of the design, installation and maintenance of the physical transmission and distribution facilities, whereas reliability council policies and requirements relate to continuing, real-time operation of the transmission system.

Our concern here is with applicable requirements, not the applicable edition. It is possible that future editions of the NESC may require the upgrading of some existing system components. It is also possible that an EDC may not operate all aspects of the transmission system directly, as in the case of an independent system operator (ISO), and there may be other entities, such as regulatory commissions or ISOs, which have additional requirements. Thus, we have revised subsection (a) to reflect these concerns.

Subsection (b) of the proposed regulations establishes comparability standards for an EDC’s transmission service provided to wholesale customers. PP&L argues that this subsection should be deleted, since transmission service provided to wholesale customers is a matter wholly within the exclusive jurisdiction of the Federal Energy Regulatory Commission (FERC). IRRC recommends retaining this subsection to help ensure the quality of electric service, upon confirmation of its legality.

We included this section to reflect our legislative mandate under 66 Pa. C.S. § 2805(b)(1)(iii) (relating to regionalism and reciprocity). While we fully recognize FERC's authority to regulate the rates, terms and conditions of wholesale transmission service, we are nevertheless obligated by statute to ensure comparability of service to electric cooperative corporations and, therefore, reject PP&L's argument.

The OCA and Enron suggest that the Commission actively monitor the use of the transmission system. As we begin the retail open access era, the Commission must know if the transmission system is adequately constructed, maintained and operated in a way which promotes a fully competitive and efficient market. Thus, we have added subsection (c) to annually require an assessment of the performance of the transmission system.

§ 57.194. Distribution system reliability.

The language in subsection (a) has been modified to precisely reflect existing law and standards concerning reasonable service and facilities. 66 Pa. C.S. § 1501.

We have modified subsection (b) to refer to the applicable requirements of the NESC instead of the "most recent edition" of the NESC. This is consistent with our change to § 57.193(a).

Subsection (e) of the proposed regulations requires EDCs to maintain procedures designed to sustain, at a minimum, the historical level of reliability. PP&L believes that sustaining historically high levels of reliability in a specific operating area may not be practical or cost effective. PP&L recommends

that this subsection refer to “acceptable levels of reliability” and that “and cost effective” should be added after “where necessary.” IRRC agrees with adding the “cost effective” qualifier, but does not concur with PP&L’s recommendation concerning the level of service to be sustained, noting that historical levels can be documented.

As discussed further below, we will use historical data to establish performance standards which will serve as “acceptable” electric service reliability. Thus, in order to avoid confusion with regard to the minimum level of reliability required by this subsection, we have modified subsection (e) to clarify the link between this requirement and the reliability performance standards established pursuant to subsection (h).

In response to comments of PEA, subsection (f) has been revised to reflect the deletion of the term “worst performing circuits” and to clarify the EDC’s objective for analyzing its circuits.

Subsection (g) requires that the EDC maintain a 5-year historical record of service interruptions. GPU Energy, PEA and PP&L comment that the EDC does not always know of service interruptions, especially those of short duration, unless notified by a customer or unless expensive, customer-specific equipment is installed. As discussed earlier, these regulations are not requiring knowledge of every interruption or the upgrade of interruption detection systems at this time. The requirement is to track and report all known interruptions of whatever duration, by category. It is noted that the existing regulations under §§ 57.14 (relating to service voltage) and 57.15 (relating to system frequency) remain in effect and already require a minimum detection standard, although it may be

appropriate to revise these standards at a later date. In addition, the EDC will be required to retain all records required to comply with the reporting requirements.

Subsection (h) requires an EDC to “take measures necessary to meet the reliability performance standard set forth by this subsection.” The provisions refer to the establishment of a numerical benchmark based on historic performance and a performance standard for each reliability index. The regulations adopt a general rule that each EDC must at least maintain the historic benchmark and meet the performance standard.

PEA and PP&L believe that the numerical values for the reliability indices for each operating area be developed in cooperation with the EDCs and other affected parties. UGI avers that it is incumbent upon the Commission to consider the specific conditions applicable to each operating area before setting that area’s initial performance standards. GPU Energy recommends that the Commission use a 5-year historical average to calculate the initial and subsequent values for the reliability indices. IRRC believes that the regulations should either provide the actual standards or criteria for calculating the standards, or at least specify where the standards or criteria can be found. IRRC also suggests that the regulations should provide a timely due process opportunity for affected parties to provide input or raise objections.

It is the Commission’s intention to set reliability performance standards in cooperation with the industry. All parties will have an opportunity to provide comments prior to final adoption of the Commission’s decision. Since benchmarks based on historical performance of each EDC may vary, both below or above the performance standard established, the Commission may take such history into account as it establishes the benchmarks and performance standards.

We have reflected IRRC's comments by clarifying this section with substantial changes. Although we agree with IRRC that actual standards or criteria are preferable, the foregoing comments and the lack of existing data in the record of this proceeding require that we decline to adopt a particular methodology or precise standard in this rulemaking. The parties have not had an opportunity to comment and there may be other specific factors to be considered. Rather, this rulemaking establishes the reporting requirements and the parameters that will permit the adoption of more specific standards and benchmarks in the future.

As discussed above, we will require reporting of all known service interruptions according to the definitions established by IEEE. Both IECPA and PEA indicated support for this result as an alternative to their preferred recommendations. We agree with this approach as being consistent with other aspects of these regulations concerning compliance with NERC, the NESC and other objective standards by reference. While we agree with PEA that it would be expensive and inappropriate to require an EDC to identify all outages, we note that the existing regulations under § 57.17 already require utilities to keep records of outages, affecting the entire system or a major division of the system, as brief as 1 minute. As the Commission adopts performance benchmarks and standards, all parties must remain cognizant of the goal of requiring reasonable service without gold-plating, while recognizing that changes in our economy and society may indicate that a different level of performance quality is required to provide reasonably reliable service.

Subsection (h) has been modified to reflect the above discussion.

§ 57.195. Reporting requirements.

Subsection (a) requires an EDC to submit to the Commission, on or before March 31 of each year, a reliability report. PP&L avers that it would be very difficult to prepare and submit the report by March 31, because of the time required to verify and enter end-of-year reliability information into its database, to make the necessary analyses, to plan improvements and to determine the improvement experienced by circuits that were worked on during the previous year. PP&L recommends a two-month delay in the reporting deadline. Although no other EDC has voiced this concern, we recognize the work required to comply with this and several other annual reporting requirements. To reduce the EDCs' reporting burden, we have moved the reporting deadline to May 31.

GPU Energy, PEA and PP&L suggest revisions to our proposed subsection (e), which requires information regarding worst-performing circuits that fail to meet the performance standards. GPU Energy and PEA recommend that the reporting requirements of this subsection apply only for an operating area that fails to meet the standards established for the operating area. PP&L believes that circuits should be evaluated on a utility system-wide basis, not on an operating area basis.

GPU Energy also points out a recent action by the New York Public Service Commission (NYPSC), which eliminated a worst-performing circuits reporting requirement, since it had "become something of a post-review exercise in that utilities were merely compiling and documenting corrective actions that had already been taken. This requirement has become a time consuming exercise of little benefit to the companies." The revised NYPSC standards only require a description of the company's program for analyzing worst-performing circuits and

a summary of the results of the program. (Order Adopting Changes to Standards on Reliability and Quality of Service, Case 96-E-0979, Issued February 26, 1997, NYPSCL.)

Consistent with our previous discussion, we have deleted this requirement.

§ 57.196. Generation reliability.

Subsection (a) requires an electric generation supplier (EGS) to conform to the operating policies and standards of NERC and the appropriate regional reliability council. PEA strongly believes that EGSs must also be required to become members of NERC and regional councils, since membership will enhance their active participation in cooperation with and adherence to the full range of council activities and requirements, and subject them to such council direction and discipline necessary to preserve electric service reliability. IBEW also agrees with mandatory membership. PEA suggests that brokers and marketers be exempt from the requirement of membership. IRRCL agrees with PEA's position and recommends that the Commission impose a membership requirement, but couple it with an exemption provision for financial hardship.

At its January 6-7, 1997, Board of Trustees meeting, NERC voted unanimously to obligate its regional councils and their members to promote, support and comply with all NERC reliability policies and standards. The regional councils are currently in the process of revising their bylaws and agreements to conform with NERC. NERC and the regional councils are also developing appropriate mandatory compliance monitoring and enforcement mechanisms,

including penalties for non-compliance. Although compliance is mandatory for members, membership is voluntary.

We agree with PEA and IRRC that EGSs must be required to be members of appropriate regional councils in order for the new enforcement mechanisms to be effective. We also recognize that the definition of electric generation supplier is quite broad. Some suppliers will not operate generating plants or schedule transmission directly. Moreover, mandatory membership beyond that which is required by such entities, may impose a financial hardship on smaller EGSs, which may become a barrier to participation in the generation market. Therefore, we have added a new subsection (d) to require membership in an appropriate regional reliability council or other reliability entity, as required by such entity.

Subsection (b) provides for the maintenance of appropriate generating reserve capacity by EGSs. IECPA argues that the Commission must allow the competitive market to establish appropriate levels of generation reserves. IECPA suggests that the level of generation reserves necessary to ensure supply of electricity to a customer should be dictated by the level of reliability desired by the particular customer. IRRC suggests that the reserve requirement standards apply only to an EGS's firm service obligations.

Although the competitive market should, in time, provide the appropriate price signals necessary to ensure adequate levels of generation reserves, ISO and market information is just beginning at this time. We find it necessary and appropriate during this transition period to require compliance with all regional council policies and standards, including generation reserves. This is also our mandate under 66 Pa. C.S. §§ 2804(1) and 2809(e). Furthermore,

interruptible loads are routinely factored out when determining the reserve obligations of EGSs. Thus, we have not revised subsection (b).

§ 57.197. Reliability investigations and enforcement.

Enron suggests that paragraph (b)(ii) be revised to provide for penalties less than revocation of the supplier's license. Enron also points out that the regional reliability councils are currently in the process of establishing penalties for EGSs that are non-compliant and, therefore, no additional Commission enforcement is necessary.

Inasmuch as we have the authority to impose civil penalties, pursuant to 66 Pa. C.S. § 3301 and, in order to provide the ability for the Commission to assess less severe penalties, we will adopt the suggestion of lesser penalties. To the extent that the regional reliability councils have implemented their own penalties for non-compliance, we will defer to them with regard to those matters clearly within their purview. We have also made some minor changes to clarify this section. In addition, we have modified the regulations to make clear that Commission staff may initiate investigations as necessary.

Other Issues

IRRC points out that other commentators raise a number of issues which could have a direct bearing on the success of competition in electric generation. IRRC does not, however, believe these issues should be addressed in this rulemaking, but should be the subject of future rulemakings to insure that affected parties will have an adequate opportunity to provide input to the Commission.

Power Quality

IECPA and Ford argue that the Commission must establish specific reliability criteria related to voltage and frequency variations and mandate that the EDCs track and rectify interruptions of less than 30 seconds in duration.

According to IECPA, these power quality problems are especially troublesome to sensitive manufacturing equipment such as computers, motors, heating elements, adjustable speed motor drives and programmable logic controllers.

We agree with the concerns of IECPA and Ford. We note that customers of all classes are using more sensitive equipment that can be adversely affected by power quality problems. However, the Commission does not have the record of data at this time to establish specific new standards for voltage or frequency variations or performance benchmarks or standards concerning such interruptions. In the meantime, the standards under §§ 57.14 and 57.15 are being retained, not eliminated, although it may be appropriate to modify them in the future.

Inspection and Maintenance Standards

IBEW reiterates its plea for the Commission to adopt specific inspection and maintenance standards. IBEW avers that, without such standards, distribution systems would be allowed to deteriorate to the point where actual problems are being experienced. IBEW also points out that the NESC lacks requirements for the inspection and maintenance intervals for each type of equipment. IRRRC recommends that the Commission reconsider this matter,

including an evaluation of what other states have done or are doing regarding inspection and maintenance standards.

In our Proposed Rulemaking Order, we declined to require specific inspection and maintenance standards, because of the new methods and technologies that utilities are developing to improve the inspection and testing process. We hesitate to impose excessive requirements upon the EDCs and to engage in what may be considered micromanagement. Nevertheless, we believe that this matter is worthy of further consideration. Therefore, we shall direct the Commission's Bureau of CEEP to conduct a study of the issue of developing specific inspection and maintenance standards and submit recommendations for the Commission's consideration.

We find that the revisions to our proposed regulations, as delineated above, and as set forth in Annex A hereto, to be necessary and appropriate to ensure the continued safety and reliability of electric service in Pennsylvania. Accordingly, under 66 Pa. C. S. §§ 501, 524, 1102, 1103, 1501, 1504, 1505, 2802, 2804, 2807 and 2809, and the Commonwealth Documents Law (45 P.S. §§ 1202, *et. seq.*) and the regulations promulgated thereunder at 1 Pa. Code §§ 7.1-7.4, we hereby amend Chapter 52 of the Pennsylvania Code by adding Subchapter N, as set forth in Annex A hereto, which establishes standards and procedures for assessing the reasonableness of electric service reliability; **THEREFORE,**

IT IS ORDERED:

1. That 52 Pa. Code Chapter 57 is hereby amended by adding Subchapter N, Electric Reliability Standards, as set forth in Annex A hereto.

2. That the Secretary shall certify this order and Annex A and deposit them with the Legislative Reference Bureau for publication in the *Pennsylvania Bulletin*.

3. That the Secretary shall submit this order and Annex A to the Office of Attorney General for approval as to legality.

4. That the Secretary shall submit this order and Annex A to the Governor's Budget Office for review of fiscal impact.

5. That the Secretary shall submit this order and Annex A for review by the designated standing committees of both Houses of the General Assembly, and for review and approval by the Independent Regulatory Review Commission.

6. That a copy of this order and Annex A shall be served upon the Office of Consumer Advocate, the Office of Small Business Advocate, all jurisdictional electric utilities and all parties of record.

7. That this regulation shall become effective upon publication in the *Pennsylvania Bulletin*.

8. That the Bureau of Conservation, Economics and Energy Planning conduct a study of the issue of developing specific inspection and maintenance standards and submit recommendations for the Commission's consideration.

BY THE COMMISSION,

James J. McNulty
James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: April 23, 1998

ORDER ENTERED: APR 24 1998

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Harrisburg, Pennsylvania

**RULEMAKING TO AMEND 52 PA CODE
CHAPTER 57 TO ENSURE ELECTRIC
SERVICE RELIABILITY**

**PUBLIC MEETING -
APRIL 23, 1998
APR-98-E-2*REV.
DOCKET NO. L-00970120**

STATEMENT OF COMMISSIONER JOHN HANGER

This rulemaking does not address directly the issue of generation adequacy. Some have argued that regulatory authorities should play no role in insuring generation adequacy. Market forces, it has been said, will insure that the supply of generation meets demand.

Other voices have been raised to say that regulatory authorities or private organizations like Independent System Operators must set minimum generation adequacy standards. If one accepts this view, the questions are many. Who should set the standards? How should the standard be set? What should be the standard? These are but a few of the questions raised.

In Pennsylvania, those electric suppliers doing business in the PJM market must comply with an installed capacity requirement designed to create a loss of load probability of one day in ten years. The electric suppliers doing business in the ECAR region of Pennsylvania utilize an operating reserve requirement combined with dependence on supplemental capacity resources (DSCR) of less than 10 days per year as a generation adequacy standard.

In my opinion, this Commission must soon formally examine these differing standards, their relevance, their adequacy, and any possible necessary modifications as Pennsylvania begins electric generation competition.

April 23, 1998
DATED

John Hanger
JOHN HANGER, COMMISSIONER

ANNEX A

CHAPTER 57. ELECTRIC SERVICE

Subchapter B. SERVICE AND FACILITIES

§ 57.17. [Service interruptions] (Reserved).

[(a) As used in this section, the term “service interruption” means the interval of time exceeding 1 minute during which the voltage of service rendered falls below 50% of the standard nominal service voltage.

(b) A public utility shall keep a record, including data showing the time, duration and cause of each interruption of electric service affecting the entire system or a major division of the system.]

§ 57.18. [Inspection of facilities] (Reserved).

[(a) *Periodic inspections.* A public utility shall make periodic inspections of its equipment and facilities in accordance with good practice and in a manner satisfactory to the Commission.

(b) *Inspection reports and records.* A public utility shall file with the Commission a statement of the condition of its equipment and facilities and such reports of inspections, when and in such form as the Commission may require.

(c) *Special inspections.* If equipment or facilities which have for any reason become dangerous, or may cause injury to persons or damage to property, are removed from service because of any defect which may involve a hazard to life, such equipment or facilities shall be thoroughly inspected and tested before being again placed in service.]

§ 57.26. [Construction and maintenance of facilities] (Reserved).

[Overhead and underground transmission and distribution facilities and crossings of the wires or cables of every public utility over or under the facilities of other public utilities, cooperative associations or communication utilities, including parallel or random installation of underground electric supply and communications conductors or cable, shall be constructed and maintained in accordance with safe and reasonable standards, as set forth in the most recent National Electrical Safety Code.]

Subchapter N. ELECTRIC RELIABILITY STANDARDS

§ 57.191. Purpose.

Reliable electric service is essential to the health, safety and welfare of the citizens of the Commonwealth. The purpose of this subchapter is to establish standards and procedures for continuing and ensuring the safety and reliability of the electric system in Pennsylvania. The standards have been developed to provide a uniform method of assessing the reasonableness of electric service reliability.

§ 57.192. Definitions.

The following words and terms, when used in this subchapter, have the following meanings, unless the context clearly indicates otherwise:

Adequacy -- The ability of the electric system to supply the aggregate electrical demand and energy requirements of the customers from various electric generation suppliers at all times, taking into account scheduled and reasonably expected unscheduled outages of system elements.

Control area -- An electric system or systems, bounded by interconnection metering and telemetry, capable of controlling generation to maintain its interchange schedule with other control areas and contributing to frequency regulation of the interconnected systems.

Electric distribution company -- An electric distribution company as defined in 66 Pa. C.S. § 2803.

Electric generation supplier or electricity supplier -- An electric generation supplier or electricity supplier as defined in 66 Pa. C.S. § 2803.

Interruption duration -- A period of time measured to the nearest 1-minute increment which starts when an electric distribution company is notified or becomes aware of an interruption, unless an electric distribution company can determine a more precise estimate of the actual starting time of an interruption, and ends when service is restored. Interruptions shall be categorized, based on duration, such as momentary or sustained interruptions, or by similar descriptions, as adopted by IEEE or similar organization identified by the Commission. These regulations require tracking, reporting and evaluation of two categories of interruption duration that will incorporate any changes in the terms used or the definitions of those terms as adopted by IEEE or Commission order.

Major event -- Either of the following:

- (i) An interruption of electric service resulting from conditions beyond the control of the electric distribution company which affects at least 10% of the customers in an operating area during the course of the

event for a duration of 5 minutes each or greater. The event begins when notification of the first interruption is received and ends when service to all customers affected by the event is restored. When one operating area experiences a major event, the major event shall be deemed to extend to all other affected operating areas of that electric distribution company.

(ii) An unscheduled interruption of electric service resulting from an action taken by an electric distribution company to maintain the adequacy and security of the electrical system, including emergency load control, emergency switching and energy conservation procedures, as described in § 57.52 (relating to emergency load control and energy conservation by electric utilities), which affects at least one customer.

(iii) A major event does not include scheduled outages in the normal course of business or an electric distribution company's actions to interrupt customers served under interruptible rate tariffs.

Momentary customer interruption -- The loss of electric service by one or more customers for the period defined as a momentary customer interruption by IEEE as it may change from time to time. The term does not include interruptions described in the definition of major event, paragraph (iii), or the authorized termination of service to an individual customer.

North American Electric Reliability Council (NERC) -- An organization of regional reliability councils established to promote the reliability of the electricity supply for North America.

Operating area -- A geographical area, as defined by an electric distribution company, of its franchise service territory for its transmission and distribution operations.

Regional reliability council - - An organization established to augment the reliability of its members' bulk electric supply systems through coordinated planning and operation of generation and transmission facilities. The following regional reliability councils impact the bulk electric supply systems within the Commonwealth:

(i) East Central Area Reliability Coordination Agreement (ECAR).

(ii) Mid-Atlantic Area Council (MAAC).

(iii) Northeast Power Coordinating Council (NPCC)

Reliability -- The degree of performance of the elements of an electric system that results in electricity being delivered to customers within accepted standards and in the desired amount, measured by the frequency, duration and magnitude of adverse effects on the electric supply and by considering two basic and functional aspects of the electric system: adequacy and security.

Reliability Indices -- Service performance indicators which measure the frequency, duration and magnitude of customer interruptions, excluding outages associated with major events.

(i) Customer Average Interruption Duration Index (CAIDI) -- The average interruption duration of sustained interruptions for those customers who experience interruptions during the analysis period. CAIDI

represents the average time required to restore service to the average customer per sustained interruption. It is determined by dividing the sum of all sustained customer interruption durations, in minutes, by the total number of interrupted customers. This determination is made by using the following equation:

$$CAIDI = \frac{\sum r_i N_i}{\sum N_i} = \frac{SAIDI}{SAIFI}$$

where:

i = an interruption event;

r_i = restoration time for each interruption event;

and N_i = number of customers who have experienced a sustained interruption during the reporting period.

(ii) System Average Interruption Duration Index (SAIDI) -- The average duration of sustained customer interruptions per customer occurring during the analysis period. It is the average time customers were without power. It is determined by dividing the sum of all sustained customer interruption durations, in minutes, by the total number of customers served. This determination is made by using the following equation:

$$SAIDI = \frac{\sum r_i N_i}{N_T}$$

where:

N_T = total number of customers served for the area being indexed.

(iii) System Average Interruption Frequency Index (SAIFI) -- The average frequency of sustained interruptions per customer occurring during the analysis period. It is calculated by dividing the total number of sustained customer interruptions by the total number of customers served. This determination is made by using the following equation:

$$SAIFI = \frac{\sum N_i}{N_T}$$

(iv) Momentary Average Interruption Frequency Index (MAIFI) -- The average frequency of momentary interruptions per customer occurring during the analysis period. It is calculated by dividing the total number of momentary customer interruptions by the total number of customers served. This determination is made by using the following equation:

$$MAIFI = \frac{\sum M_i}{N_T}$$

where:

M_i = number of customers who have experienced a momentary interruption during the reporting period.

Security -- The ability of the electric system to withstand sudden disturbances such as electric short circuits or unanticipated loss of system elements.

Sustained customer interruption -- The loss of electric service by one or more customers for the period defined as a sustained customer interruption by IEEE as it may change from time to time. This term does not include interruptions described in the definition of major event, paragraph (iii), or the authorized termination of service to an individual customer.

§ 57.193. Transmission system reliability.

(a) An electric distribution company shall install and maintain its transmission facilities, and ensure that its transmission facilities are operated, in conformity with the applicable requirements of the National Electrical Safety Code. An electric distribution company shall operate its transmission facilities in conformity with the operating policies, criteria, requirements and standards of NERC and the appropriate regional reliability council, or successor organizations, and other applicable requirements.

(b) The reliability of an electric distribution company's transmission service provided to wholesale customers, such as electric cooperative corporations and municipal corporations, shall be comparable to the reliability which the transmission supplier provides at the wholesale level, taking into account the nature of each service area in which electricity is delivered to the customer, the delivery voltage and the configuration and length of the circuit from which electricity is delivered.

(c) An electric distribution company shall submit to the Commission, on or before May 31, 1999, and May 31 of each succeeding year, information concerning the performance of the transmission system, as built and operated, to serve a fully competitive generation market efficiently. The report shall include available transfer capability, total

transfer capability and the use, in general, of the transmission system. The report shall include an assessment of the past performance of the transmission system and an appraisal of future transmission system performance. In complying with this requirement, electric distribution companies operating under a single system operator may submit a joint report by an independent system operator, or other appropriate transmission system operator.

57.194. Distribution system reliability.

(a) An electric distribution company shall furnish and maintain adequate, efficient, safe and reasonable service and facilities, and shall make all such repairs, changes, alterations, substitutions, extensions and improvements in or to such service and facilities as shall be necessary or proper for the accommodation, convenience and safety of its patrons, employees and the public. Such service shall be reasonably continuous and without unreasonable interruptions or delay.

(b) An electric distribution company shall install, maintain and operate its distribution system in conformity with the applicable requirements of the National Electrical Safety Code.

(c) An electric distribution company shall make periodic inspections of its equipment and facilities in accordance with good practice and in a manner satisfactory to the Commission.

(d) An electric distribution company shall strive to prevent interruptions of electric service and, when interruptions occur, restore service within the shortest reasonable time. In the event that service must be interrupted for maintenance purposes, an electric distribution company should, where reasonable and practicable, attempt to perform the

work at a time which will cause minimal inconvenience to customers and provide notice to customers in advance of the interruption.

(e) An electric distribution company shall design and maintain procedures to achieve the reliability performance standards established pursuant to subsection (h).

(f) An electric distribution company shall develop and maintain a program for analyzing the service performance of its circuits during the course of each year.

(g) An electric distribution company shall maintain a 5-year historical record of all known customer interruptions by category of interruption duration, including the time, duration and cause of each interruption. An electric distribution company shall retain all records to support the reporting requirements pursuant to § 57.195 for a period of 5 years.

(h) An electric distribution company shall take measures necessary to meet the reliability performance standards adopted pursuant to this subsection.

(1) In cooperation with an electric distribution company and other affected parties, the Commission will, from time to time, establish numerical values for each reliability index or other measures or reliability performance that identify the benchmark performance of an electric distribution company, and performance standards.

(2) The benchmark will be based on an electric distribution company's historic performance for each operating area for that measure. In establishing the benchmark, the Commission may consider historic superior or inferior performance or system-wide performance.

(3) The performance standard will be the minimal level of performance for each measure for all electric distribution companies, regardless of the benchmark established.

(4) An electric distribution company shall inspect, maintain and operate its distribution system, analyze performance and take corrective measures as necessary to achieve the performance standard. An electric distribution company with a benchmark establishing performance superior to the performance standard shall maintain benchmark performance, except as otherwise directed by the Commission.

§ 57.195. Reporting requirements.

(a) An electric distribution company shall submit to the Commission, on or before May 31, 1999, and May 31 of each succeeding year, a reliability report which includes, at a minimum, the information prescribed in this section. An original and 5 copies of the report shall be filed with the Commission's Secretary and one copy shall also be submitted to the Office of Consumer Advocate and the Office of Small Business Advocate. The name and telephone number of the persons having knowledge of the matters, and to whom inquiries should be addressed, shall be included.

(b) The report shall include an assessment of electric service reliability in the electric distribution company's service territory, by operating area and system-wide. The assessment shall include a discussion of the electric distribution company's programs and procedures for providing reliable electric service. The assessment shall include a description of each major event, including the time and duration of the event, the number

of customers affected, the cause of the event and any modified procedures adopted in order to avoid or minimize the impact of similar events in the future.

(c) The report shall include a table showing the actual values of each of the reliability indices, and such other performance measures required by these regulations or Commission order, for each operating area and for the electric distribution company as a whole for each of the preceding 5 calendar years and such other.

(d) When an electric distribution company's reliability performance within an operating area is found to be unacceptable, as defined in § 57.194(h) (relating to distribution system reliability), the report shall include the following:

(1) An analysis of the service interruption patterns and trends.

(2) An analysis of the operational and maintenance history of the affected operating area.

(3) A description of the causes of the unacceptable performance.

(4) A description of the corrective measures the electric distribution company is taking and target dates for completion.

§ 57.196. Generation reliability.

(a) An electric generation supplier shall operate and maintain its generating facilities in conformity with the operating policies, criteria, requirements and standards of NERC and the appropriate regional reliability council(s), or successor organizations.

(b) An electric generation supplier shall maintain appropriate generating reserve capacity in compliance with any applicable reserve requirement standards set forth by the

appropriate regional reliability council, successor organizations or other entity or agency with jurisdiction to establish such requirements.

(c) An electric generation supplier shall abide by applicable Commission regulations, procedures and orders, including emergency orders.

(d) An electric generation supplier shall maintain membership, to the extent required by any regional reliability council, independent system operator or similar organization, in the appropriate regional reliability council(s), or successor organizations.

§ 57.197. Reliability investigations and enforcement.

(a) The Commission staff may initiate an investigation, or may do so upon complaint by an affected party, to determine whether an electric distribution company is providing service in accordance with § 57.193 (relating to transmission system reliability) and § 57.194 (relating to distribution system reliability).

(1) Based upon the record developed in such an investigation, the Commission may enter an order directing the electric distribution company to take reasonable corrective action necessary to improve the reliability of electric service.

(2) If the Commission directs an electric distribution company to make expenditures to repair or upgrade its transmission or distribution system, the electric distribution company may seek an exception to the limitations set forth in 66 Pa. C.S. § 2804(4) (relating to electric utility rate caps).

(b) The Commission staff may initiate an investigation, or may do so upon complaint by an affected party, to determine whether an electric generation supplier is

providing reasonable service in accordance with § 57.196 (relating to generation reliability).

(1) Based upon the record developed in such an investigation, the Commission may enter an order directing the electric generation supplier to take the corrective action the Commission deems necessary to improve the reliability of service.

(2) If such corrective action is not taken within the period of time designated by the Commission in an order entered under paragraph (1), the Commission may elect to impose a penalty up to and including the revocation, either temporarily or permanently, of the license of the electric generation supplier, obtained pursuant to 66 Pa. C.S. § 2809(a) (relating to requirements for electric generation suppliers).



PENNSYLVANIA PUBLIC UTILITY COMMISSION
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG, PENNSYLVANIA

May 18, 1998

THE CHAIRMAN

The Honorable John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
14th Floor, Harristown II
333 Market Street
Harrisburg, PA 17101

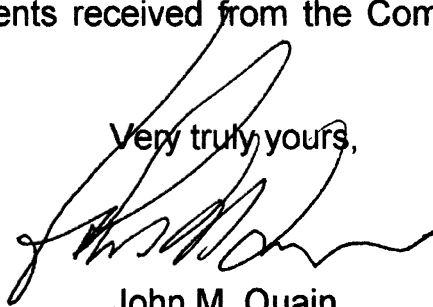
Re: L-970120/57-185
Final Rulemaking
Electric Service Reliability
52 Pa. Code Chapter 57

Dear Chairman McGinley:

Enclosed please find one (1) copy of the regulatory documents concerning the above-captioned rulemaking. Under Section 745.5(a) of the Regulatory Review Act, the Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission, on September 30, 1997, submitted a copy of the Notice of Proposed Rulemaking to the House Committee on Consumer Affairs, the Senate Committee on Consumer Protection and Professional Licensure and to the Independent Regulatory Review Commission (IRRC). This notice was published at 27 Pa.B. 5262, on October 11, 1997. In compliance with Section 745.5(b.1) copies of all comments received were provided to your Commission and the Committees.

In preparing this final form rulemaking, the Public Utility Commission has considered all comments received from the Committees, IRRC and the public.

Very truly yours,

A handwritten signature in black ink, appearing to read 'John M. Quain', written over the closing 'Very truly yours,'.

John M. Quain
Chairman

Enclosures

cc: The Honorable Clarence D. Bell
The Honorable Roy C. Afflerbach
The Honorable Chris R. Wogan
The Honorable William R. Lloyd, Jr.
Legislative Affairs Director Chiavetta
First Deputy Chief Counsel Pankiw
Regulatory Coordinator Leming
Assistant Counsel Burket
Mr. Loper
Mr. Tartline

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT
TO THE REGULATORY REVIEW ACT

ID Number: L-970120/57-185

Subject: Electric Service Reliability Standards

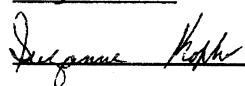
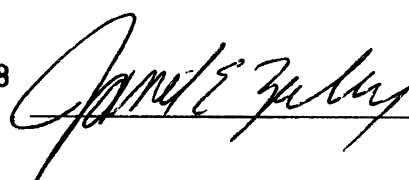

Pennsylvania Public Utility Commission

DATE: 5/18/98 TIME: 10
REVIEW COMMISSION

TYPE OF REGULATION

- Proposed Regulation
- Final Regulation with Notice of Proposed Rulemaking Omitted.
- Final Regulation
- 120-day Emergency Certification of the Attorney General
- 120-day Emergency Certification of the Governor

FILING OF REPORT

<u>Date</u>	<u>Signature</u>	<u>Designation</u>
<u>5/18/98</u>	<u></u>	<u>HOUSE COMMITTEE</u> Consumer Affairs
<u>MAY 18 1998</u>	<u></u>	<u>SENATE COMMITTEE</u> Consumer Protection and Professional Licensure
<u>5/18/98</u>	<u></u>	<u>Independent Regulatory Review Commission</u> <u>Attorney General</u> <u>Legislative Reference Bureau</u>
_____	_____	_____
_____	_____	_____