

# Regulatory Analysis Form

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(1) Agency

Pennsylvania Public Utility Commission

(2) I.D. Number (Governor\*s Office Use)

L-00030161/57-228

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INDEPENDENT REGULATORY  
REVIEW COMMISSION

IRRC Number: 2363

(3) Short Title

Rulemaking Re Amending Electric Service Reliability Regulations at 52 Pa.Code Chapter 57

(4) PA Code Cite

52 Pa. Code Sections 57.192, 57.194  
and 57.195

(5) Agency Contacts & Telephone Numbers

Primary Contact: Elizabeth H. Barnes, Law Bureau (717)772-  
5408

Secondary Contact: Thomas Sheets, Audits (717)783-5000

(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 proposed rulemaking order amends current regulations found at 52 Pa.Code §§57.192, 57.194 and 57.195. Specifically, the rulemaking seeks to implement actions recommended in the Legislative Budget and Finance Committee report of June 12, 2002, the Commission's Bureau of Conservation Economics and Energy Planning's report of July 3, 2002, and the Commission's Staff Internal Working Group on Electric Reliability's Report of July 18, 2002. One recommendation being implemented is a tightening of the current performance reliability standards. Another is additional and more frequent reporting requirements. Instead of annual reports regarding an electric distribution company's performance reliability indices for its operating areas, and system-wide performance, the EDCs will be required to file an annual report including the EDC's plans for inspection and maintenance of its transmission lines and facilities, as well as the reliability indices and worst performing circuits and what is being done about them. Additionally, the EDCs will have to report on a quarterly basis their reliability indices and worst circuits.

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

The authority for the regulation is the Electricity Generation Customer Choice and Competition Act of December 3, 1996, P.L. 138 §4, effective January 1, 1997. The Act amends Title 66 of the Pennsylvania Consolidated Statutes 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. Specifically, the Commission was given a legislative mandate to ensure that levels of reliability that were present prior to the restructuring of the electric industry would continue in the new competitive era.

In response to this legislative mandate, the Commission adopted a final rulemaking order on April 23, 1998 at Docket No. L-00970120, setting forth various reporting requirements designed to ensure the continuing safety, adequacy and reliability of the generation, transmission and distribution of electricity in the Commonwealth. 52 Pa.Code §§57.191-57.197. The final rulemaking order also suggested that the Commission could reevaluate its monitoring efforts at a later time as deemed appropriate. This proposed rulemaking is in response to such an evaluation.

## Regulatory Analysis Form

(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) provides that the purpose of the restructuring of the electric utility industry is to modify existing legislation and regulations and to establish standards and procedures in order 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 for all parties. Thus, the Commission was given a legislative mandate that electric reliability levels stay the same during the transition period from a non-competitive environment to a competitive one.

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

In order to ensure a smooth transition from a monopoly market to a competitive market, there should be reliability standards based upon historical performance prior to the Act which must be met after the Act by the electric distribution companies. These reliability indices should be reported quarterly rather than annually so that the Commission keeps better track of the performance of the EDCs.

The Legislative Budget & Finance Committee Report of June 12, 2002, noted the Commission had an annual reporting requirement regarding reliability indices, CAIDI, SAIFI, SAIDI and MAIFI. The LB&FC stated that it was 17 months before the data was received by the Commission, and suggested the Commission should track the companies closer. The Commission has proposed to amend its regulations in §57.194 to require quarterly reporting. The Commission also proposes to tighten its existing 2-standard deviation standard allowed for consistent annual performance, which permitted performance worse than the worst year's performance from 1994-1998 (prior to the Act).

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

Without these regulations, the service quality of electric distribution could deteriorate.

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

All consumers will benefit, both customers of the 6 large EDCs and the 4 small. Residential and business, rural and urban customers alike would benefit from these regulations.

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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 the proposed regulations. Arguably, with advances in technology and low inflation, it should be cheaper to provide the same service going forward as in 1994-1998.

(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 of the Electric Distribution Companies will be required to comply with the regulations. The list of EDCs includes Allegheny Power, Duquesne Light, Met-Ed, Penelec, Penn Power, PECO, PPL, Citizens, Wellsboro, UGI and Pike County.

(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.

The Legislative Budget & Finance Committee had input from its report. The Commission Staff spoke with representatives from the large EDCs and small EDCs before recommending changes to the regulations to the Commission.

(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.

Unknown.

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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.

Any costs would be de minimus.

## Regulatory Analysis Form

(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
<b>SAVINGS:</b>	\$	\$	\$	\$	\$	\$
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Savings</b>						
<b>COSTS:</b>						
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Costs</b>						
<b>REVENUE LOSSES:</b>						
<b>Regulated Community</b>						
<b>Local Government</b>						
<b>State Government</b>						
<b>Total Revenue Losses</b>						

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

Not applicable.

### Regulatory Analysis Form

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

Program	FY -3	FY -2	FY -1	Current FY

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

Not applicable.

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

None.

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

None.

## Regulatory Analysis Form

(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.

None.

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

Massachusetts has Service Quality Standards. New Jersey and New York also have reliability standards and regulations. It is unknown if the regulation will put Pennsylvania at a competitive disadvantage with other states.

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

No.

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

Not at this time.



## Regulatory Analysis Form

(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.

Yes. Attached to the proposed rulemaking order as Attachment A is a Form the PUC would like the EDCs to fill out and send in annually.

(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.

None.

(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?

We are asking for voluntary compliance with quarterly reporting of reliability indices by circuits instead of operating areas beginning November 1, 2003. We believe the target effective date for the regulations should be June, 2004.

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

An annual report will be issued by the Commission critiquing the regulation, standards and performance in the EDC industry.

FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU  
(Pursuant to Commonwealth Documents Law)

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LEGISLATIVE REGULATORY  
REVIEW COMMISSION

#2363

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

*Angela M. Elliott*

BY \_\_\_\_\_  
(DEPUTY ATTORNEY GENERAL)

AUG 21 2003

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-00030161/57-228

DATE OF ADOPTION June 26, 2003

BY *James J. McNulty*  
James J. McNulty

TITLE \_\_\_\_\_  
( SECRETARY )

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

*Bohdan R. Pankiw*

BY \_\_\_\_\_  
Bohdan R. Pankiw  
Chief Counsel

6-26-03

DATE OF APPROVAL

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

L-00030161/57-228  
Proposed Rulemaking  
Amending Electric Service Reliability Regulations  
52 Pa. Code, Chapter 57

The Pennsylvania Public Utility Commission on June 26, 2003, adopted a proposed rulemaking order which amends existing regulations by establishing performance and benchmark standards designed to ensure EDC performance does not deteriorate since passage of the Electric Generation Customer Choice and Competition Act. The contact persons are Elizabeth Barnes, Law Bureau, 772-5408 and Thomas Sheets, Bureau of Audits, 783-5000.

## EXECUTIVE SUMMARY

L-00030161

Proposed Rulemaking

Re: Amending Electric Service Reliability Regulations  
at 52 Pa.Code Chapter 57

The Electricity Generation Customer Choice and Competition Act (Act), 1996, Dec. 3, P.L. 802, No. 138 §4, became effective January 1, 1997. The Act 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. Specifically, the Commission was given a legislative mandate to ensure that levels of reliability that were present prior to the restructuring of the electric utility industry would continue in the new competitive markets.

In response to this legislative mandate, the Commission adopted a final rulemaking order on April 23, 1998 at Docket No. L-00970120, setting forth various reporting requirements designed to ensure the continuing safety, adequacy and reliability of the generation, transmission and distribution of electricity in the Commonwealth. *See* 52 Pa. Code §§57.191-57.197. The final rulemaking order also suggested that the Commission could reevaluate its monitoring efforts at a later time as deemed appropriate.

On June 12, 2002, the Legislative Budget and Finance Committee (LB&FC) issued a Report entitled, *Assessing the Reliability of Pennsylvania’s Electric Transmission and Distribution Systems*. The LB&FC Report made several recommendations regarding the issue of reliability

Shortly thereafter, on July 18, 2002, at M-00021619, the Commission adopted its Bureau of Conservation Economics and Energy Planning’s (CEEP) *Inspection and Maintenance Study of Electric Distribution Systems* dated July 3,

2002. CEEP, in part, recommended that the annual reliability reporting requirements be revised to include the causes of outages and percentages categorized by type as well as the annual reporting of each company's plans for the upcoming year's inspection and maintenance of transmission systems including: 1) vegetation management; 2) distribution and substation maintenance activity; and 3) capital improvement projects. The Commission agreed with CEEP's recommendations in this regard.

The Commission created a Staff Internal Working Group on Electric Service Reliability (Staff Internal Working Group) to conduct a reevaluation of its electric service reliability efforts. The group was comprised of members of Commission bureaus with either direct or indirect responsibility for monitoring electric service reliability. The Staff Internal Working Group prepared a report, entitled *Review of the Commission's Monitoring Process for Electric Distribution Service Reliability*, dated July 18, 2002, which reviewed the Commission's monitoring process for electric distribution service reliability and provided comments on recommendations from the LB&FC report. The Staff Internal Working Group report also offered recommendations for tightening the standards for reliability performance and establishing additional reporting requirements by electric distribution companies (EDCs).

On August 29, 2002, the Commission issued an Order at Docket No. D-02SPS021 that tentatively approved these recommendations and directed the Commission staff to undertake the preparation of orders, policy statements, and proposed rulemakings as may be necessary to implement the recommendations contained in the Staff Internal Working Group's report. The Staff Internal Working Group was assigned the responsibility to implement the recommendations. The Staff Internal Working Group, with the legal assistance of the Law Bureau, determined which implementation actions could be accomplished internally (with or

without a formal Commission Order), and which actions will require changes to regulations.

The Staff Internal Working Group conducted field visits to EDCs to identify the current capabilities of each EDC for measuring and reporting reliability performance. These field visits began in October 2002 and continued intermittently through March 2003. As a result of the field visits, various forms of reliability reports and reliability data were received from the EDCs and analyzed by the Staff Internal Working Group to determine the most effective and reasonable approach for the Commission to monitor electric distribution service reliability.

This Proposed Rulemaking Order seeks to implement Staff Internal Working Group's recommendations and sets forth proposed regulations to better govern the reliability of electric service in Pennsylvania and assure that service does not deteriorate after the Act. Specifically, we propose to substitute the term "operating area" with "service territory" thus altering the definition of a "major event." Additionally, we want to require the EDCs to file quarterly reports as well as the currently required annual reports. We wish the EDCs to report additional information on their reports, i.e. worst circuit information as well as their standards and plans for inspection and maintenance of their distribution systems.

The contact persons are Elizabeth Barnes, Law Bureau (717) 772-5408, and Thomas Sheets, Bureau of Audits (717) 783-5000.

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

Public Meeting held June 26, 2003

Commissioners Present:

Terrance J. Fitzpatrick, Chairman  
Robert K. Bloom, Vice Chairman  
Aaron Wilson, Jr.  
Glen R. Thomas  
Kim Pizzingrilli

Rulemaking Re Amending Electric Service  
Reliability Regulations at 52 Pa.Code Chapter 57

Docket No. L-00030161

**PROPOSED RULEMAKING ORDER**

**BY THE COMMISSION:**

Today, in conjunction with our Tentative Order at M-00991220, we reexamine our regulations and seek to significantly improve the monitoring of reliability performance in the electric distribution industry.

**Procedural History**

The Electricity Generation Customer Choice and Competition Act (Act), 1996, Dec. 3, P.L. 802, No. 138 §4, became effective January 1, 1997. The Act 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. Specifically, the Commission was given a legislative mandate to ensure that levels of reliability that

were present prior to the restructuring of the electric utility industry would continue in the new competitive markets.

In response to this legislative mandate, the Commission adopted a final rulemaking order on April 23, 1998 at Docket No. L-00970120, setting forth various reporting requirements designed to ensure the continuing safety, adequacy and reliability of the generation, transmission and distribution of electricity in the Commonwealth. *See* 52 Pa. Code §§57.191-57.197. The final rulemaking order also suggested that the Commission could reevaluate its monitoring efforts at a later time as deemed appropriate.

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Shortly thereafter, on July 18, 2002, at M-00021619, the Commission adopted its Bureau of Conservation Economics and Energy Planning's (CEEP) *Inspection and Maintenance Study of Electric Distribution Systems* dated July 3, 2002. CEEP, in part, recommended that the annual reliability reporting requirements be revised to include the causes of outages and percentages categorized by type as well as the annual reporting of each company's plans for the upcoming year's inspection and maintenance of transmission systems including: 1) vegetation management; 2) distribution and substation maintenance activity; and 3) capital improvement projects. The Commission agreed with CEEP's recommendations in this regard.

The Commission created a Staff Internal Working Group on Electric Service Reliability (Staff Internal Working Group) to conduct a reevaluation of its electric service reliability efforts. The group was comprised of members of Commission bureaus with either direct or indirect responsibility for monitoring electric service reliability.

The Staff Internal Working Group prepared a report, entitled *Review of the Commission's Monitoring Process For Electric Distribution Service Reliability*, dated July 18, 2002, which reviewed the Commission's monitoring process for electric distribution service reliability and provided comments on recommendations from the LB&FC report. The Staff Internal Working Group report also offered recommendations for tightening the standards for reliability performance and establishing additional reporting requirements by electric distribution companies (EDCs).

On August 29, 2002, the Commission issued an Order at Docket No. D-02SPS021 that tentatively approved these recommendations and directed the Commission staff to undertake the preparation of orders, policy statements, and proposed rulemakings as may be necessary to implement the recommendations contained in the Staff Internal Working Group's report. The Staff Internal Working Group was assigned the responsibility to implement the recommendations. The Staff Internal Working Group, with the legal assistance of the Law Bureau, determined which implementation actions could be accomplished internally (with or without a formal Commission Order), and which actions will require changes to regulations.

The Staff Internal Working Group conducted field visits to EDCs to identify the current capabilities of each EDC for measuring and reporting reliability



performance. These field visits began in October 2002 and continued intermittently through March 2003. As a result of the field visits, various forms of reliability reports and reliability data were received from the EDCs and analyzed by the Staff Internal Working Group to determine the most effective and reasonable approach for the Commission to monitor electric distribution service reliability.

This Order discusses the Staff Internal Working Group's recommendations which are based upon additional information and data received since September, 2002, and sets forth, in Annex A, proposed regulations governing the reliability of electric service in Pennsylvania.

### **Discussion**

Based upon our review of each EDC's capabilities for measuring and monitoring reliability performance, the Commission implements the following actions to address the recommendations cited in the Inspection and Maintenance of Electric Distribution Systems Study and the Review of the Commission's Monitoring Process for Electric Distribution Service Reliability.

### **Proposed amendments to existing regulations at 52 Pa. Code §57.191- 57.197**

#### **§ 57.191 Purpose**

No changes.

#### **§ 57.192. Definitions.**

##### **Operating Area Definition**

This definition has been deleted since the concept of operating areas will no longer be used under the proposed changes. An "operating area" was defined by Section 57.192 as being, "A geographical area, as defined by an electric distribution

company, of its franchise service territory for its transmission and distribution operations.” Prior to issuing its Reliability Report, the Staff Internal Working Group discovered that, in some cases, the companies internally had different operating areas than those that were reported to the Commission for the purposes of reporting reliability statistics.

In Recommendation No. IV-3 of the July 18, 2002 Reliability Report, the Staff Internal Working Group suggested that the Commission require the EDCs to provide reliability indices based on the same operating configurations used to manage their daily operations.

In order to establish electric reliability benchmarks and standards after passage of the Act, each EDC was asked to provide historical service reliability performance indicators (reliability indices) for its operating areas and system as a whole. Each EDC was given the discretion to define its operating areas according to 52 Pa. Code § 57.192, which defines “operating area” as follows:

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

Some EDCs designated multiple operating areas in their system while others designated their entire system as the sole operating area. On December 16, 1999, the Commission ordered the establishment of permanent electric service reliability performance benchmarks and standards for each EDC pursuant to 52 Pa. Code § 57.194(h)(1). These benchmarks and standards are based on the historical reliability indices for the operating areas designated by each EDC. Likewise, the electric service reliability performance reported by each EDC to the Commission pursuant to 52 Pa. Code § 57.195 is based on the same operating areas designated by each EDC.

The Staff Internal Working Group found that some EDCs internally report and monitor their electric service reliability performance by areas different than those areas designated for the establishment of electric reliability performance benchmarks and standards, and reporting purposes to the Commission. Another concern is that there is the potential for an EDC to define its operating areas to serve such a small number of customers that most service interruptions in an operating area could (by definition under 52 Pa. Code § 57.192) be considered a major event, and any related outage data would be excludable from any reported reliability performance. As noted previously, the Staff Internal Working Group recommended that the Commission require EDCs to provide reliability indices based on the same operating area configurations used to manage the daily operations of their systems.

However, since its July, 2002 Reliability Report, and after further discussion with industry representatives, the Staff Internal Working Group now recommends to the Commission that the EDCs do not use the designated operating areas reported to the Commission for monitoring their electric service reliability performance. The exception would be any EDC that has designated its entire service territory as its sole operating area. In fact, the EDCs have informed the Internal Working Group that they often have to perform additional calculations at the end of the year to report their electric service reliability performance based on these previously designated operating areas. The only use of these operating areas is to report annual performance to the Commission. The EDCs have indicated that they manage their daily operations on a system-wide basis, and therefore, measure and monitor their reliability performance on a system-wide basis.

To avoid the potential for masking problems in small pockets of an EDC's service territory, circuit reliability will be analyzed. The EDCs will be required to

report by circuit<sup>1</sup> instead of by operating areas. Specifically, the EDCs will be required to report on a quarterly basis their 5% worst performing circuits as calculated based upon the reliability indices and other relevant factors (e.g. lockouts).

In order to effectively compare and trend the EDCs' current reliability performance to historical performance, the benchmarks will be recomputed to reflect the replacing of the term "operating areas" with "service territory" in our regulations. This change in definition causes a change in the criterion used to exclude major outages. Thus, the benchmark must be recomputed. The recomputed benchmarks and standards for each individual EDC are further discussed in our Tentative Order at M-00991220, Amended Reliability Benchmarks and Standards for the Electric Distribution Companies.

It must be made clear that the proposed phrase "the electric distribution company's service territory" means an individual EDC's service territory, regardless of whether the EDC is part of a larger system or has merged with another entity.

### **Major Event Definition**

All references to "operating areas" are replaced with the term "service territory" in the "major event" definition for the reasons outlined above.

Additionally, as noted in our companion Amended Reliability Benchmarks and Standards Tentative Order at M-0099120, we require a formal process to request the exclusion of service interruptions for reporting purposes by proving a service interruption qualifies as a major event as defined by regulations. The Commission is providing EDCs with a form for requesting exclusion of data due to a major event.

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<sup>1</sup>Circuit is defined as a number of electrical components connected together in a closed loop.

**§ 57.193. Transmission system reliability.**

No changes.

**§ 57.194. Distribution system reliability.**

Through regulations and orders, the Commission has established reporting requirements, benchmarks and standards for EDC reliability performance. Currently, EDCs report their performance on the CAIDI, SAIFI, SAIDI, and (as available) MAIFI<sup>2</sup> indices to the Commission on an annual basis. These are generally accepted indices of EDC reliability that measure the frequency and duration of outages at the system or customer level.

The existing regulations at Chapter 57 did not establish the benchmarks or the standards for CAIDI, SAIFI, SAIDI or MAIFI for each company. Instead, the benchmarks and standards were set by Commission Order on December 16, 1999 at Docket No. M-00991220.

Revisions to the language in 57.194(e) and (h)(2)-(4) are proposed to clarify the Commission's expectations for reliability performance in relation to performance benchmarks and performance standards. The Commission's expectations for EDC

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<sup>2</sup> CAIDI is Customer Average Interruption Duration Index. It is 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. SAIFI is System Average Interruption Frequency Index. SAIFI measures the average frequency of sustained interruptions per customer occurring during the analysis period. SAIDI is System Average Interruption Duration Index. SAIDI measures the average duration of sustained customer interruptions per customer occurring during the analysis period. MAIFI (Momentary Average Interruption Frequency Index) measures the average frequency of momentary interruptions per customer occurring during the analysis period. These indices are accepted national reliability performance indices as adopted by the Institute of Electrical and Electronics Engineers, Inc. (IEEE), and are defined with formulas at 52 Pa. Code §57.192.

reliability are based on language found at §2802(12) and §2804(1) of the Electric Generation Customer Choice and Competition Act (the Act). Section 2802(12) notes that the purpose of the Act, in part, is:

[T]o 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 for all parties. Reliable electric service is of the utmost importance to the health, safety and welfare of the citizens of the Commonwealth. Electric industry restructuring should ensure the reliability of the interconnected electric system by maintaining the efficiency of the transmission and distribution system.

Section 2804(1) of the Act sets forth standards for restructuring the electric industry. This section states, “The Commission shall ensure continuation of safe and reliable electric service to all customers in the Commonwealth. . .”

Consistent with the Act, the Commission’s policy is to ensure that EDC reliability performance after the implementation of the Act be equal to the level achieved prior to the introduction of Electric Competition. In a series of orders at Docket No. M-00991220, the Commission established reliability benchmarks and standards for each EDC. The benchmarks were based on each company’s historic performance from 1994-1998. The benchmarks, therefore, represented each EDC’s historical reliability performance level prior to the implementation of electric choice in 1999. The Commission also established performance standards which took into account the variability in each EDC’s reliability performance during the 1994-1998 period. The performance standards were set two standard deviations higher than the benchmarks (lower metric scores equal better performance) to allow for a degree of variability that inevitably occurs in reliability performance from year to year.

In the Commission's review of the language in Section 57.194 pertaining to benchmarks and standards for distribution system reliability, we determined that the language needs clarification to specify the roles that benchmarks and standards have in relationship to the Commission's expectation for EDC reliability performance. We do not want to send the message that long-term reliability performance that just meets the performance standard is acceptable. Long-term performance that only meets the standard could be significantly worse than the benchmark and thus worse than the historical performance level that existed prior to the introduction of Electric Choice. Such performance would clearly not be consistent with the intent or language of the Act and the Commission's policy objective for maintaining reliability performance after the introduction of Electric Choice at least as good as it was prior to Electric Choice. Therefore, the Commission emphasizes that long-term reliability performance should be at least equal to the benchmark performance.

In order to clarify language in Section 57.194, we have revised the wording in subsection (h) to indicate that EDCs shall take measures to meet the reliability "performance benchmark" in the long term, in addition to meeting the performance standards in the shorter term. In Section 57.194(h)(2), we have inserted language clarifying that the benchmark represents the Commission's expectation of future, long-term reliability performance. Section 57.194(h)(4) is modified to state that an EDC shall inspect, maintain and operate its distribution system as well as analyze "reliability results" and take corrective measures as necessary to ultimately achieve "benchmark performance" rather than the performance standard.

While clarifying our language to emphasize long-term performance at the benchmark level, we acknowledge that performance in a given year or so may vary from the benchmark. Therefore, we continue to find the concept of a performance standard to be a useful tool for monitoring performance in the near term. When

performance on any measure falls outside the standard, Commission staff will engage in an additional review with the EDC to determine whether reliability performance is deteriorating, which could contribute to an EDC not maintaining benchmark performance in the long term.

We have also made a revision to the language at §57.194(h)(2) stating that the benchmark will be based on a company's historic service territory performance for that measure versus performance for each EDC operating area. This revision is consistent with changes to the definition of a Major Event that is revised to reflect an interruption which affects at least 10% of the customers in the electric distribution company's "service territory" versus a designated operating area (refer to §57.192). Together, these changes will result in all EDCs calculating and reporting reliability performance based on the entire service territory.

**§ 57.195. Reporting requirements.**

Under paragraph (a), we propose that the annual reliability report be submitted by March 31 of each year. Currently, the EDCs annually submit reliability performance reports by May 31 following the year being reported on. If an EDC experiences poor performance in the year being reported on, five or more months will pass before the Commission has the ability to determine if the EDC has sufficient corrective measures in place. At the time of receiving the report, it is too late in the year for the EDC to effectively revise its reliability program to address the concerns of the Commission. The EDCs have agreed that an annual report could be submitted by March 31. Under subparagraph (1) we are requiring EDCs to submit 6 instead of 5 reports, so that all interested parties within the Commission will receive a copy.



Under paragraph (b), we propose, at a minimum, that certain elements be included in the annual reliability report for the larger electric distribution companies. To clarify which EDCs qualify as a larger electric distribution company, we propose that those companies with 100,000 or more customers be considered a larger EDC<sup>3</sup>. This would include the current set of EDCs that have been considered to be the larger EDCs for reliability monitoring purposes. At a minimum, the following elements are to be reported by the larger EDCs: (The numbering below corresponds with the proposed regulations.)

(1) An overall current assessment of the state of system reliability in the EDC's service territory, including a discussion of the EDC's current programs and procedures for providing reliable electric service. This was previously part (i). The additional language is intended to emphasize that a "current" (not dated) assessment of the overall state of system reliability is to be provided and that "current" programs and procedures are to be the focus of discussion.

(2) Revised to clarify that the major events to be reported are those that occurred during the reporting year.

(3) This revision specifically identifies which reliability indices should be reported, and provides that the indices should be reflective of measuring performance based on excluding major event data using the entire service territory criterion. This is consistent with the proposed change in the definition of a major event. Also, it is being proposed that the EDCs report reliability values for the preceding three years instead of the preceding five years to be consistent with the Commission's proposal to establish rolling 3-year average standards. This revision

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<sup>3</sup> Large EDCs currently include: Allegheny Power, Duquesne Light, Met-Ed, Penelec, Penn Power, PECO and PPL.

also specifically requires that the raw data used to calculate the reliability indices be provided to understand what factors are driving the reported performance.

(4) Monitoring of the causes of service outages will enable the Commission to identify trends, and will form a basis for further discussion with the EDCs as well as analysis of service problems.

(5) Since the Commission proposes to examine electric service reliability on a service territory basis, rather than on an operating area basis, we have determined that a review of worst performing circuits will be an appropriate approach to monitoring the efforts of the EDCs to improve service performance in specific areas of the service territory. It is being proposed in §57.195(e)(3) for EDCs to report the worst performing 5% of circuits in the system on a quarterly basis. In addition, we are requiring that the EDCs include in their annual reliability report to the Commission a list of the remedial efforts that have been taken or are being planned for the circuits that have been on the list of worst performing circuits for a year or more. This information will enable the Commission to determine if sufficient remedial efforts have been implemented for circuits that continue to be problematic and/or understand the problems being encountered by the EDC in its attempts to remediate poor performing circuits.

(6), (7), (8), (9), (10), (11) and (12) In the Commission's final rulemaking order of April 23, 1998 (Docket No. L-00970120), setting forth reporting requirements relating to electric service reliability, the Bureau of CEEP was directed to conduct a study of the issue of whether specific inspection and maintenance standards should be developed for electric distribution systems. The staff study recommended that, in lieu of standards, the EDCs be required to submit documentation on inspection and maintenance activities. Further reporting

requirements in this area will assist the Commission in assuring that the EDCs are carrying out their own plans for maintaining electric service reliability.

We therefore propose that the EDCs provide in their annual report a comparison of the previous year's inspection and maintenance goals to the actual results achieved. Most of this information can be easily reported in a one-page format. (See Attachment A for an example). We also propose the submission of comparisons of the previous year's budgeted versus actual transmission and distribution operation and maintenance expenses, and capital expenditures. Since the EDCs are already monitoring their inspection/maintenance goals and operating/capital budgets, this information should be readily available. In addition to the previous year budgeted/actual comparisons, budgeted goals and expenditures for the current year are being requested. Finally, a discussion of significant changes to the transmission and distribution inspection and maintenance programs would also be required.

Under paragraph (c), we propose to require the small EDCs (those with less than 100,000 customers) to annually provide the same information as in paragraph (b) except for requirement (5). These smaller EDCs, Citizens' Electric Company, Pike County Light and Power Company and Wellsboro Electric Company, have a small number of circuits in their system configurations. Thus, they are constantly aware of the condition of all of the circuits and there is no need for them to report on the 5% worst performing circuits.

In addition to the annual report, proposed paragraphs (d), (e) and (f) require the submission of a quarterly reliability report. This report will include a rolling 12-month computation of the reliability indices, a rolling 12-month analysis of circuit reliability, and a description of any remedial action taken to correct problems. The

purpose of requiring a quarterly report is to provide more frequent information to the Commission about service reliability. This will enable the Commission to identify potential problems in a timely manner and monitor the EDC's response to problems which may arise between annual reports. The quarterly report requires a description of each major event occurring during the preceding quarter that the EDC has excluded from its reported data.

The quarterly report will also require the submittal of rolling 12-month reliability indices values for the entire service territory and for the worst performing 5% of the system's circuits. The worst performing 5% of circuits means the worst 5% of the total circuits on the system. While the methodology used to identify these circuits may vary among the EDCs, most EDCs use the reliability indices and other related factors. The EDCs already perform this type of analysis and agree that this information will be enable the Commission to detect any adverse performance trends in specific segments of the system and track the progress of any corrective measures the EDC has undertaken. Also, a discussion of specific remedial efforts taken or planned for the worst performing circuits will be required.

As with the annual report, we are proposing to require documentation on inspection and maintenance goals and expenses. However, this information will consist mainly of quarterly and year-to-date budget versus actual comparisons. We also propose to require information on staffing levels for transmission and distribution operation and maintenance as well as information on contractor hours and expenses. Again, we expect to continually monitor these activities, expenses, and staffing levels on a timely basis to ensure that sufficient resources are being devoted to the reliability of electric service.

We are also interested in receiving information on monthly call-out acceptance rates for transmission and distribution maintenance workers. There are times when, during a storm which causes numerous customer outages, the acceptance rate of line crews (the percentage of time that the maintenance workers accept a call for repairing equipment and restoring service) is low. The monthly call-out acceptance rates may provide some perspective on reliability performance.

Proposed paragraph (f) limits the quarterly reporting requirements for the smaller EDCs to subparagraphs (e)(1), (2) and (5). This is to reduce the reporting burden of these companies, reflecting the size, configuration, and operational aspects of their systems.

Language has been revised in paragraph (g), which was formerly paragraph (d), to make it clear that performance which does not meet the Commission's established performance standards is not necessarily indicative of unacceptable performance. Only after further review of the circumstances can it be determined whether any performance is problematic. A revision has also been made such that the Commission will determine, in each circumstance, whether or not to require the reporting of additional information. Depending on the factual information provided by the EDC, the situation may or may not suggest a further examination of the reasons for not meeting the standards.

Proposed paragraph (h) requires an EDC to timely report any problems it is having with its data gathering system used to report reliability. This will alert the Commission of the problem and permit the Commission to monitor the EDC's attempt to resolve the matter.

Consistent with the LB&FC recommendation, proposed paragraph (i) states that the Commission will prepare an annual reliability report and make it available to the public. Electric service reliability is important to the citizens of the Commonwealth and they have a right to know the status of reliability in their area.

**§ 57.196. Generation reliability**

No changes.

**§ 57.197. Reliability investigations and enforcement**

No changes.

Accordingly, under 66 Pa.C.S. §§2801 *et seq.* and the regulations promulgated thereunder at 52 Pa.Code §§57.191-57.197; and sections 201 and 202 of the act of July 31, 1968 (P.L. 769, No. 240)(45 P.S. §§1201 and 1202) and the regulations promulgated thereunder at 1 Pa.Code §§7.1, 7.2 and 7.5; section 204(b) of the Commonwealth Attorneys Act (71 P.S. §732.204(b)); section 5 of the Regulatory Review Act (71 P.S. §732.204(b)); and section 612 of The Administrative Code of 1929 (71 P.S. §232) and the regulations promulgated thereunder at 4 Pa.Code §§7.251-7.235, we are considering adopting the proposed regulations set forth in Annex A; **THEREFORE,**

**IT IS ORDERED**

1. That the proposed rulemaking be opened to consider the regulations set forth in Annex A.
2. That the Secretary submit this Order, Attachment A, and Annex A to the Office of Attorney General for review as to form and legality and to the Governor's Budget Office for review of fiscal impact.

3. That the Secretary certify this Order, Attachment A and Annex A and deposit them with the Legislative Reference Bureau to be published in the *Pennsylvania Bulletin*.
4. That an original and fifteen (15) copies of any comments referencing the docket number of the proposed regulations be submitted within sixty (60) days of publication in the *Pennsylvania Bulletin* to the Pennsylvania Public Utility Commission, Attention: Secretary, P.O. Box 3265, Harrisburg, PA 17105-3265. When preparing comments, Parties should consider this Order in conjunction with the Tentative Order regarding benchmarks and standards at M-00991220.
5. That a copy of any comments be filed electronically to contact person Elizabeth H. Barnes at [ebarnes@state.pa.us](mailto:ebarnes@state.pa.us).
6. That the contact persons for this rulemaking are (technical) Thomas Sheets, Director of Bureau of Audits, (717)783-5000 and (legal) Elizabeth H. Barnes, Law Bureau, (717)772-5408.
7. That a copy of this Order and Annex A be filed at Docket No. M-00991220.
8. That a copy of this Order and Annex A be served upon all electric distribution companies operating in Pennsylvania, the Office of Consumer Advocate, and the Office of Small Business Advocate.
9. That all EDCs operating within the Commonwealth are directed to file quarterly reports, beginning September 30, 2003, and

annual reports beginning March 31, 2004, which comply with these proposed regulatory requirements.

BY THE COMMISSION:

James J. McNulty

Secretary

ORDER ADOPTED: June 26, 2003

ORDER ENTERED: June 27, 2003



ATTACHMENT A

**2003 Goals - Complete Planned Work for Ensuring Reliability - Pennsylvania Operations Only  
Results as of: May 1**

Program/Project	Unit of Measurement	Target for 2003	Actual Completed YTD	% Completed	% of Total Goal	% Earned of Total Goal
<b>Forestry Goals</b>						
Transmission Herbicide Application	# Transmission Lines	12	0	0.0%	3.1%	0.0%
Transmission Lines Trimming and Clearing	# Transmission Lines	52	6	11.5%	3.2%	0.4%
Subtransmission Herbicide Application	# of Subtransmission Lines	73	4	5.5%	3.1%	0.2%
Subtransmission Line Trimming and Clearing	# of Subtransmission Lines	98	12	12.2%	3.1%	0.4%
Distribution Line Trimming, Clearing & Herbicide Applic.	# of Distribution Line Miles	7,577	1,198	15.8%	25.0%	4.0%
<b>Subtotal - Forestry Goals</b>				<b>13.0%</b>	<b>37.5%</b>	<b>4.9%</b>

Program/Project	Unit of Measurement	Target for 2003	Actual Completed YTD	% Completed	% of Total Goal	% Earned of Total Goal
<b>Transmission Lines ERS Goals</b>						
Major Projects (Capital) for Reliability	Budget Dollars	\$ 3,847,000	\$ 2,689,954	69.9%	15.7%	11.0%
Transmission Comprehensive Patrol	# Transmission Lines	1	1	100.0%	0.9%	0.9%
Transmission General Patrol	# Transmission Lines	117	0	0.0%	0.7%	0.0%
Ground & Footer Inspections	# Transmission Lines	1	0	0.0%	0.3%	0.0%
Pole Inspection	# Transmission Lines	0	0	0.0%		0.0%
Pole Reinforcements	# Transmission Line Poles	0	0	0.0%		0.0%
Pole Replacements	# Poles	0	0	0.0%		0.0%
Critical Transmission Repairs	# Critical Items	2	2	100.0%	0.5%	0.5%
Priority Transmission Repairs	# Critical Items	7	2	28.6%	0.5%	0.1%
Non-Critical Transmission Repairs	# Non-Critical Items (Identified in 2001 & before)	47	0	0.0%	2.3%	0.0%
Transmission Tower Painting	# Towers	0	0	0.0%		0.0%
<b>Subtotal - Transmission Lines Goals</b>				<b>59.9%</b>	<b>20.9%</b>	<b>12.5%</b>

Program/Project	Unit of Measurement	Target for 2003	Actual Completed YTD	% Completed	% of Total Goal	% Earned of Total Goal
<b>Substation Goals</b>						
SS Work (Includes Capital, Planned, & Preventative)	Man-Hours	67,038	18,800	28.0%	11.4%	3.2%
SS Spraying	Budget Dollars	\$ 70,200	\$ 18,800	26.8%	0.2%	0.1%

Controls Work (Includes Cap., Planned & Preventative)	Man-Hours	13,916	2,374	17.1%	2.5%	0.4%
<b>Subtotal - Substation Goals</b>				<b>26.1%</b>	<b>14.1%</b>	<b>3.7%</b>

<b>OH Distribution Lines Goals</b>						
Subtransmission General Patrol	# Subtransmission Lines	333	0	0.0%	0.2%	0.0%
Individual Budget Projects for Reliability	Man-Hours	12,109	2,137	17.6%	3.0%	0.5%
Small Planning Projects	Man-Hours	27,386	6,025	22.0%	9.2%	2.0%
Steel Wire Replacement	Line Miles	0	0	0.0%		0.0%
Pole Inspection	# of Circuits	84	29	34.5%	3.3%	1.1%
Pole Reinforcement	# of Poles	0	0	0.0%	0.3%	0.0%
Danger Poles	# Danger Poles	0	0	0.0%	0.7%	0.0%
Reject Poles	# Reject Poles	0	0	0.0%	1.4%	0.0%
Annual Inspection & Maintenance Work	Points Completed	2,669	1,079	40.4%	0.3%	0.1%
Reliability Improvement Program	\$ Spent	1,110,000	28,160	2.5%	3.3%	0.1%
UG Equipment Inspections	# Locations	6,673	3,967	59.4%	0.3%	0.2%
Regulator Inspections	# Regulators	134	53	39.6%	0.3%	0.1%
Capacitor Inspections	# Capacitors	1,218.0	899.0	73.8%	0.3%	0.2%
Recloser Replacements	# Reclosers	192	81	42.2%	0.3%	0.1%
Structured Maintenance - Street Lights	# Street Lights	20,635	7,218	35.0%	3.0%	1.0%
<b>Subtotal - Overhead Distribution Lines Goals</b>				<b>21.6%</b>	<b>25.9%</b>	<b>5.6%</b>

<b>UGD Distribution Lines Goals</b>						
Pad Mount Transformer Painting	# Pad Mount Transformers	0	0	0.0%		0.0%
UG Equipment Inspections	# Locations	6,673	3,967	59.4%	0.3%	0.2%
UGD Cable Replacement	Budget Dollars	\$ 130,000	\$0	0.0%	0.4%	0.0%
Cable Injection	Budget Dollars	\$ 201,000	\$0	0.0%	0.6%	0.0%
<b>Subtotal - Underground Distribution Lines Goals</b>				<b>13.7%</b>	<b>1.3%</b>	<b>0.2%</b>

<b>% Planned Work Completed YTD:</b>						<b>26.8%</b>
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ANNEX A

**TITLE 52. PUBLIC UTILITIES**  
**Part I. PUBLIC UTILITY COMMISSION**  
**Subpart C. FIXED SERVICE UTILITIES**  
**CHAPTER 57. ELECTRIC SERVICE**

**Subchapter N. ELECTRIC RELIABILITY STANDARDS**

\* \* \* \* \*

**§ 57.192. Definitions.**

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

\* \* \* \* \*

*Major event* –

(i) Either of the following:

(A) 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] **the electric distribution company's service territory** 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.]

(B) 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.

(ii) 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.

\* \* \* \* \*

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

**Performance benchmark – The average historical performance.**

**Performance standard – Minimum performance allowed.**

\* \* \* \* \*

**§ 57.194. Distribution system reliability.**

\* \* \* \* \*

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

\* \* \* \* \*

(h) An electric distribution company shall take measures necessary to meet the reliability **performance benchmarks and** performance standards adopted under 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 of 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 **for the entire service territory.** [In establishing the benchmark, the Commission may consider historic superior or inferior performance or system-wide performance.]

(3) The performance standard shall be the short term, minimal level of performance for each measure for all electric distribution companies[, regardless of the benchmark established]. Performance that does not meet the standard for any reliability measure shall be the threshold for triggering additional scrutiny by the Commission. When performance does not meet the standard, the Commission will contact the electric distribution company regarding possible remedial review and reporting activities.

(4) An electric distribution company shall inspect, maintain and operate its distribution system, analyze [performance] reliability results, and take corrective measures as necessary to achieve [the performance standard] benchmark performance. [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 an annual reliability report to the Commission, on or before [May] March 31 [,1999, and May 31] of each [succeeding] year [a reliability report which includes, at a minimum, the information prescribed in this section].

(1) An original and [5] 6 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.

(2) The name,[and telephone number] title, telephone number, and e-mail address of the persons [having] who have knowledge of the matters, and [to whom inquiries should be addressed,] can respond to inquiries, shall be included.

(b) The annual reliability report for larger electric distribution companies (those with 100,000 or more customers) shall include[an assessment of electric service reliability in the electric distribution company's service territory, by operating area and system wide], at a minimum, the following elements:

(1) [The] An overall current assessment of the state of the system reliability in the electric distribution company's service territory [shall

include] **including** a discussion of the electric distribution company's **current** programs and procedures for providing reliable electric service.

(2) [The assessment shall include a] **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 in order to avoid or minimize the impact of similar events in the future.**

[(c) The report shall include a] **(3) A table showing the actual values of each of the reliability indices [, and other performance measures required by this subchapter or Commission order, for each operating area and] (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the electric distribution company's service territory [company as a whole] for each of the preceding [5] 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.**

**(4) A breakdown and analysis of outage causes during the year being reported on, including the number and percentage of service outages 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.**

**(5) A list of remedial efforts taken to date and planned for circuits that have been on the worst performing 5% of circuits list for a year or more.**

**(6) A 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.**

**(7) A comparison of budgeted versus actual transmission and distribution operation and maintenance expenses for the year being reported on. Explanations of any variances shall be included.**

(8) A comparison of budgeted versus actual transmission and distribution capital expenditures for the year being reported on. Explanations of any variances shall be included.

(9) Quantified transmission and distribution inspection and maintenance goals/objectives for the current calendar year detailed by system area (i.e., transmission, substation, and distribution).

(10) Budgeted transmission and distribution operation and maintenance expenses for the current year in total and detailed by FERC account.

(11) Budgeted transmission and distribution capital expenditures for the current year in total and detailed by FERC account.

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

(c) The annual reliability report for smaller electric distribution companies (those with less than 100,000 customers) shall include all items in (b) above except for requirement (5).

(d) An electric distribution company shall submit a quarterly reliability report to the Commission, on or before May 1, August 1, November 1, and February 1.

(1) An original and 6 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.

(2) The name, title, telephone number and e-mail address of the persons who have knowledge of the matters, and can respond to inquiries, shall be included.

(e) The quarterly reliability report for larger companies (those with 100,000 or more customers) shall, at a minimum, include the following elements:

(1) A description of each major event that occurred during the preceding quarter, 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.

(2) Rolling 12-month reliability index values (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the electric distribution company's service territory for the preceding quarter. The report shall include the data used in calculating the indices, namely the average number of customers served, the number of sustained customer interruptions, the number of customers affected, and the customer minutes of interruption. If MAIFI values are provided, the report shall also include the number of customer momentary interruptions.

(3) Rolling 12-month reliability index values (SAIFI, CAIDI, SAIDI, and if available, MAIFI) and other pertinent information such as customers served, number of interruptions, customer minutes interrupted, number of lockouts, and so forth, for the worst performing 5% of the circuits in the system. An explanation of how the electric distribution company defines its worst performing circuits shall be included.

(4) Specific remedial efforts taken and planned for the worst performing 5% of the circuits as identified in (3) above.

(5) A breakdown and analysis of outage causes during the preceding quarter, including the number and percentage of service outages 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.

(6) Quarterly and year-to-date information on progress toward meeting transmission and distribution inspection and maintenance goals/ objectives.

(7) Quarterly and year-to-date information on budgeted versus actual transmission and distribution operation and maintenance expenditures. (For first, second, and third quarter reports only.)

(8) Quarterly and year-to-date information on budgeted versus actual transmission and distribution capital expenditures. (For first, second, and third quarter reports only.)



(9) Dedicated staffing levels for transmission and distribution operation and maintenance at the end of the quarter, in total and by specific category (e.g., linemen, technician, and electrician).

(10) Quarterly and year-to-date information on contractor hours and dollars for transmission and distribution operation and maintenance.

(11) Monthly call-out acceptance rate for transmission and distribution maintenance workers.

(f) The quarterly reliability report for smaller companies (those with less than 100,000 customers) shall, at a minimum, include items (1), (2) and (5) identified in (e) above.

[(d)](g) When an electric distribution company's reliability performance [within an operating area] is found to [be unacceptable,] not meet the Commission's established performance standard(s), as defined in § 57.194(h) (relating to distribution system reliability), the Commission may require a report [shall] to include the following:

(1) [An analysis of the service interruption patterns and trends.] The underlying reasons for not meeting the established standard(s).

[(2) ] An analysis of the service interruption patterns and trends.

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

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

(h) An electric distribution company shall, within thirty (30) calendar days, report to the Commission any problems it is having with its data gathering system used to track and report reliability performance.

(i) The Commission shall prepare an annual reliability report and make it available to the public.

\* \* \* \* \*



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
HARRISBURG, PENNSYLVANIA

TERRANCE J. FITZPATRICK  
CHAIRMAN

September 19, 2003

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

Re: L-00030161/57-228  
Proposed Rulemaking  
Amending Electric Service Reliability  
Regulations  
52 Pa. Code Chapter 57

Dear Chairman McGinley:

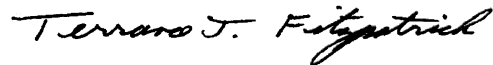
Enclosed please find one (1) copy of the proposed rulemaking and the Regulatory Analysis Form prepared in compliance with Executive Order 1996-1, "Regulatory Review and Promulgation." Pursuant to Section 5(a) of the Regulatory Review Act of June 30, 1989 (P.L. 73, No. 19) (71 P.S. §§745.1-745.15) the Commission is submitting today a copy of the proposed rulemaking and Regulatory Analysis Form to the Chairman of the House Committee on Consumer Affairs and to the Chairman of the Senate Committee on Consumer Protection and Professional Licensure.

The purpose of this proposal is to amend existing regulations by establishing performance and benchmark standards designed to ensure EDC performance does not deteriorate since passage of the Electric

Generation Customer Choice and Competition Act. The contact persons are Elizabeth Barnes, Law Bureau, 772-5408 and Thomas Sheets, Bureau of Audits, 783-5000.

The proposal has been deposited for publication with the Legislative Reference Bureau.

Very truly yours,



Terrance J. Fitzpatrick  
Chairman

Enclosures

pc: The Honorable Robert M. Tomlinson  
The Honorable Lisa Boscola  
The Honorable Raymond Bunt, Jr.  
The Honorable Joseph Preston, Jr.  
Legislative Affairs Director Perry  
Chief Counsel Pankiw  
Assistant Counsel Barnes  
Mr. Sheets  
Regulatory Coordinator DelBiondo  
Donna Cooper, Governor's Policy Office

TRANSMITTAL SHEET FOR REGULATIONS SUBJECT  
TO THE REGULATORY REVIEW ACT

ID Number: L-00030161/57-228

Subject: Amending Electric Service Reliability Regulations  
Pennsylvania Public Utility 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>
9/19/03 <sup>Per Amy</sup>	<u>A. Bassant</u>	HOUSE COMMITTEE Consumer Affairs
9/19/03 <sup>Per Morgan</sup>	<u>Morgan</u>	SENATE COMMITTEE Consumer Protection and Professional Licensure
9/19/03	<u>Diana Pagan</u>	Independent Regulatory Review Commission
		Attorney General
		Legislative Reference Bureau

INDEPENDENT REGULATORY  
REVIEW COMMISSION

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