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November 6, 2006

VIA FEDEX

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd floor
Harrisburg, PA 17120

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

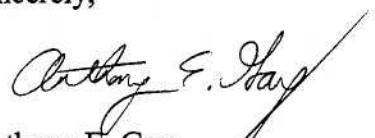
**Re: Proposed Rulemaking for Revision of 52 Pa. Code Chapter 57
Pertaining to Adding Inspection and Maintenance Standards for
the Electric Distribution Companies
Docket No. L-00040167**

Dear Mr. McNulty:

Enclosed are an original and fifteen copies of the Comments of PECO Energy Company in the above-referenced Notice of Proposed Rulemaking.

Please return a time-stamped copy in the self-addressed stamped envelope. If additional information is needed about this matter, please feel free to contact me directly at 215-841-4635.

Sincerely,



Anthony E. Gay
Assistant General Counsel

AEG/zr

Enclosures

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INDEPENDENT REGULATORY
REVIEW COMMISSION

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**Proposed Rulemaking for Revision
of 52 Pa. Code Chapter 57 Pertaining
to Adding Inspection and Maintenance
Standards for the Electric Distribution
Companies**

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Docket No. L-00040167

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COMMENTS OF PECO ENERGY COMPANY

Introduction

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Pursuant to Ordering Paragraph 5 of the Commission's Order in the above-referenced docket, which directed interested parties to file comments on proposed Inspection and Maintenance Standards for Electric Distribution Companies ("Proposed I&M Regulations"), PECO Energy Company ("PECO") files its comments on the recommended I&M Regulations.

The Commission should be clear as to PECO's position in this proceeding. PECO supports the Commission's goal of ensuring the reliability of Pennsylvania's electric distribution system. However, PECO believes that the Proposed I&M Regulations should not be adopted because they would not advance this goal. Instead, the proposed regulations would only serve to impose an inflexible, "one size fits all" inspection and maintenance plan on Pennsylvania's electric distribution companies ("EDCs"). Doing so is not in the public interest, nor does it appreciably enhance the reliability of electric service in Pennsylvania.

EDCs need flexibility to address the varied maintenance issues that are unique to their operating territories, the variations in topography, their customer mix, the weather conditions they experience and their blend of equipment. The Proposed I&M Regulations do not provide EDCs with that flexibility, nor would they meaningfully increase system reliability.

PECO and other EDCs submitted comments in the Advance Notice of Proposed Rulemaking in this docket based upon their decades of experience in delivering electricity

throughout Pennsylvania. Their unequivocal message to the Commission was that mandatory standards would *reduce* electric system reliability by diverting EDC resources from critical I&M projects, thereby spreading them too thinly and wasting such resources on rote tasks that have no measurable benefit but bear significant additional costs.

For these reasons, PECO recommended that the Commission not adopt the Proposed I&M Regulations but instead allow the EDCs to continue to employ their existing I&M programs, in concert with the Commission's Electric Service Reliability Regulations, to maintain the reliability of their distribution systems. PECO continues to recommend that not adopting specific I&M standards, but rather putting in place requirements that each EDC submit I&M plans covering all of the proposed key areas on a periodic basis for Commission review is the better approach and one that will provide a more meaningful positive impact on reliability. These plans would allow EDCs the needed flexibility while providing the Commission with better information on how each of the EDCs is handling its I&M programs and an ability to work with the EDC should the Commission identify any problem areas.

Nonetheless, the Commission has indicated its preferred approach is to adopt specific mandatory I&M regulations. However, the initial proposal appears to be based primarily on the suggestions of one group of commenters.¹ While PECO continues to believe that mandatory I&M standards are unnecessary, and that the comments of all electric distribution system stakeholders should be considered, PECO commends the Commission's acknowledgement that reliability standards must be reasonable.² Likewise, PECO supports Commissioner Pizzingrilli's

¹ Proposed Rulemaking Order at 21 (“[Ohio’s standards], taken with the AFL-CIO and PUCA’s suggested minimal standards, lead this Commission to believe some minimal standards should be in place in Pennsylvania.”).

² Proposed Rulemaking Order at 24 (“We invite EDCs to comment as to their current vegetation management and tree-trimming cycles and advocate a position regarding what a *reasonable* vegetation management standard should be.”) (Emphasis added).

statement that I&M standards should strike the “appropriate balance regarding what is necessary to ensure system reliability but also recognizing the differences among . . . EDCs, their service territories, age of systems and existing inspection and maintenance programs.”³

PECO therefore submits these comments to aid the Commission in developing reasonable standards that strike that balance. PECO respectfully requests that the Commission amend the Proposed I&M Regulations as suggested below.

Discussion

- I. **The Commission should amend proposed Section 57.198(a) to remove Subsection 3’s requirement for a plan for trimming off right-of-way trees. The Commission should also remove the language in proposed Section 57.198(b) & (c) permitting the Commission’s “designee” to accept or reject EDC I&M plans.**

Summary of the Proposed Regulation⁴

Proposed Section 57.198(a) would require that an EDC produce a plan for the periodic inspection and maintenance of its transmission and distribution (“T&D”) system, in a format prescribed by the Commission, incorporating Section 57.198(e)’s minimum intervals. The proposed regulation would require the plan to be based on industry codes and practices, manufacturers’ recommendations, and sound engineering judgment and past experience. The proposed regulation would require that the plan be divided into rural and urban areas. In addition, the proposed regulation would require that the EDC’s plan include a program for the maintenance of minimum clearances of vegetation from T&D facilities and for tree trimming “regardless of whether the trees in question are on or off of a right-of-way.”⁵

³ Proposed Rulemaking Order, Concurring Statement of Commissioner Kim Pizzigrilli (April 20, 2006).

⁴ PECO’s summaries of the Proposed I&M Regulations are provided to aid the Commission’s review of PECO’s comments. The summaries are not intended, and should not be construed, as binding PECO to a particular legal interpretation of the proposed regulations.

⁵ Section 57.198(a)(3).

The submission of EDC I&M plans would begin October 1, 2007 under the proposed regulation and cover the following calendar year. Thereafter, plans would be submitted every two years. Pursuant to the language of proposed Section 57.198(b), the Commission “or its designee” will accept or reject the plan.⁶ Similar language appears in Section 57.198(c) permitting the Commission’s “designee” to approve revisions to an EDC’s I&M plan.

PECO’s Comment

Off Right-of-Way Trees

As will be discussed further below, PECO has an existing plan for the inspection and maintenance of its electric distribution system that is based on industry standards, manufacturers’ recommendations, and PECO’s sound engineering judgment and past experience. PECO executes this plan on a periodic basis. Indeed, if Proposed Section 57.198(a) were narrowly tailored simply to require EDCs to submit their I&M plans for Commission review PECO likely would not object to this regulation.

Proposed Section 57.198(a) goes far beyond that narrowly-tailored requirement, however, by requiring EDCs to include a program for the trimming of tree branches and limbs “regardless of whether the trees in question are on *or off of [the EDC’s] right-of-way*” (emphasis added). This is neither a reasonable nor a balanced approach to maintaining system reliability.

Of course, trees that are outside of a utility right-of-way can pose a significant threat to a transmission or distribution facility, and many utility outages are due to trees outside the right-of-way. In recognition of this fact, when PECO identifies dead or dying trees on property adjacent to its right-of-way, it may notify the landowner that the tree is in decline and recommend its removal; alternatively, PECO may in some situations seek permission to remove a dead or dying tree outside of its right-of-way.

⁶ Section 57.198(b)(1) - (b)(3).

However, PECO has very limited authority to trim or remove trees that are outside of its rights-of-way. In fact, in many cases in which PECO has determined that off right-of-way trees were a hazard to its lines, the property owner opposed PECO's trimming or removal efforts, in some cases requiring multi-month legal action to remove just a few trees.

In these situations, PECO has limited options. PECO can trim or remove the off right-of-way tree(s) over the owner's objection, a course that involves the risk of legal action. PECO can alternatively seek to purchase property rights from the owner that would permit tree trimming or removal by PECO. However, this option is often prohibitively expensive and time consuming, and is only available when the owner is willing to sell its property rights.

A third alternative is to pursue condemnation. But this option is also time consuming and involves significant legal expense. In addition, utility rights of condemnation are limited – for example, a utility cannot condemn within 100 meters of a residence.

Finally, PECO can rely upon its tariff rule 10.9, Aerial Line Clearance, to obtain off-right-way clearance that conforms with the National Electrical Safety Code (“NESC”).⁷ As with the prior alternatives, use of this approach can involve lengthy legal actions. In addition, most off-right-of-way trees do not implicate the NESC; thus, the tariff approach does not provide a tool for seeking the trimming or removal of such trees.

The result of these various constraints is that it is very difficult for a utility to establish an aggressive program for trimming and removals off its rights-of way and especially for healthy trees outside the rights-of-way. Simply put, requiring a utility plan to include a program for off-

⁷ PECO's Tariff Rule 10.9 – Aerial Line Clearance – states that: “In accordance with the requirements set forth in the National Electric Safety Code, the Company shall have the right to trim, remove, or separate trees, vegetation or any structures therein which, in the opinion of the Company, interfere with its aerial conductors, such that they may pose a threat to public safety or system reliability.”

right-of-way vegetation management would impose a requirement on EDCs to submit plans for activities that are often outside of their immediate authority and control.

A better example is found in the Connecticut regulations, which the Commission noted as an example of an appropriate I&M regulation.⁸ With regard to tree trimming, the Connecticut statute simply states that the EDC's "plan shall include a program for the trimming of tree branches and limbs located in close proximity to overhead electrical wires where such branches and limbs may cause damage to such electric wires." It does not impose a separate requirement for off right-of-way trimming and removals.

The Commission should amend proposed Section 57.198(a)(3) to track the language of Connecticut statute. Accordingly, PECO recommends that this section be changed to read as follows:

§57.198(a)(3)

The plan shall include a program for the maintenance of minimum clearances of vegetation from the EDC's overhead transmission and distribution facilities sufficient to avoid contact under design-based conditions. The plan shall include a program for the trimming of tree branches and limbs located in close proximity to overhead electric wires when the branches and limbs may cause damage to the electric wires, ~~regardless of whether the trees in question are on or off of a right of way.~~

Approval by the Commission's Designee

Proposed Section 57.198(b), subsection (1), states that "[w]ithin 90 days, the Commission or its designee will accept or reject the [EDC's I&M] plan." Subsections (b)(2) and (b)(3) contain similar language, respectively allowing an EDC's I&M plan to go into effect automatically if not acted upon by the "Commission or its designee" within 90 days and providing for the submission of a revised plan if the original plan is rejected. Finally, Section 57.198(c) provides for the Commission or its designee to accept or reject revisions to an EDC's

⁸ Proposed Rulemaking Order at 22, citing *16 Conn. Gen. Stat § 277.16-32g* (2004).

I&M plan. PECO recommends that the Commission remove the language in these sections permitting the Commission's "designee" to accept or reject the EDC's plan.

This language should be stricken because it does not clearly describe the official or entity ("designee") that will have the authority to approve or reject the EDC's I&M plan. While the designee could theoretically be an administrative law judge or a Commission staff person properly delegated such authority, the regulation is patently vague and ambiguous on that point. In other words, the identity and qualifications of the "designee" are not susceptible to being ascertained from the proposed language of the regulation.

It is well established in Pennsylvania that "administrative rules and regulations must be written, must describe with particularity what is forbidden, *and must create standards that eliminate vagueness and uncertainty.*"⁹ Moreover, the regulation does not appear to provide EDCs with the right to challenge the determination of the designee before the Commission, even though it is a bedrock principle of administrative law that an administrative agency cannot delegate its ultimate decision-making authority.¹⁰

PECO requests that Sections 57.198(b) and (c) be changed to eliminate the vagueness and uncertainty in this regulation and that they instead read as follows:

§57.198

(b) On or before October 1, 2007, and every 2 years thereafter, an EDC shall submit its whole plan for the following calendar year to the Commission for review.

⁹ *Info Connections, Inc. v. Pa. Public Utility Com.*, 157 Pa. Commonwealth Ct. 463, 630 A.2d 498, 502 (1993) citing *Commonwealth v. Stein*, 519 Pa. 137, 546 A.2d 36 (1988), *cert. denied*, 490 U.S. 1046 (1989) (emphasis added).

¹⁰ I. Davis, *Administrative Law Treatise*, Sec. 9.01 (2nd ed., 1967) ("The single administrator, or the three or five or seven or eleven commissioners, are not provided with a staff of five hundred or a thousand and then expected to take all action without subdelegation. At the same time, the courts stand guard to prevent undue subdelegation to . . . subordinates who may act irresponsibly. The courts have often found judicial intervention desirable to protect against what has been thought to be excessive delegation."); *see also Krug v. Lincoln Nat'l Life Ins. Co.*, 245 F.2d 848, 852 (5th Cir. 1957)(administrative agency cannot delegate quasi-judicial functions).

(1) Within 90 days, the Commission ~~or its designee~~ will accept or reject the plan.

(2) Absent action by the Commission ~~or its designee~~ to reject the plan within 90 days of the plan's submission to the Commission, or by January 1, whichever is later, the plan shall be deemed accepted. The acceptance shall be conditioned upon the EDC meeting Commission-established reliability performance standards.

(3) If the plan is rejected, in whole or in part, by the Commission ~~or its designee~~, the EDC shall be notified of the plan's deficiencies and directed to resubmit a revised plan, or pertinent parts of the plan, addressing the identified deficiencies, or submit an explanation why the EDC believes its plan is not deficient.

(c) An EDC may request approval from the Commission for revising an approved plan. An EDC shall submit to the Commission, as an addendum to its quarterly reliability report, prospective and past revisions to its plan and a discussion of the reasons for the revisions. Within 90 days, the Commission ~~or its designee~~ will accept or reject the revisions to the plan.

II. PECO does not oppose Section 57.198(d) as proposed.

Summary of the Proposed Regulation

Proposed Section 57.198(d) would require that an EDC maintain records of its I&M activities sufficient to demonstrate compliance with the inspection, maintenance, repair and replacement programs required by the proposed regulations. This section would also require that the records be made available to the Commission within 30 days of a Commission request.

PECO's Comment

PECO does not oppose Proposed Section 57.198(d) as it is currently drafted.

III. The Commission should amend proposed Section 57.198(e)(1) to permit a five-year vegetation management treatment cycle for distribution facilities and to remove the Section's transmission facility requirements.

Summary of the Proposed Regulation

Proposed Section 57.198(e)(1) would impose a minimum four-year vegetation management inspection and treatment cycle for distribution facilities and a minimum five-year cycle for transmission facilities.

PECO's Comment

Transmission Facilities

The Commission specifically invited EDCs to "comment as to their current vegetation management and tree-trimming cycles and [to] advocate a position regarding what a reasonable vegetation management standard should be."¹¹ PECO currently employs a five-year vegetation inspection and treatment plan for its transmission facilities based on its judgment, experience and the vegetation conditions it has observed. However, PECO submits that with regard to transmission facilities, a reasonable and appropriate regulatory approach would be for the Commission to monitor the ongoing development of transmission standards by the Federal Energy Regulatory Commission ("FERC") and the North American Electric Reliability Council ("NERC") and to decline to adopt mandatory standards at this time.

As the Commission is aware, FERC is the regulatory body that has authority over interstate transmission lines. FERC recently issued a Notice of Proposed Rulemaking ("NOPR"), proposing to approve 83 of 107 reliability standards developed by the North American Electric Reliability Council ("NERC").¹² Included in the NOPR were standards

¹¹ Proposed Rulemaking Order at 24.

¹² *Mandatory Reliability Standards for the Bulk-Power System*, 117 FERC ¶ 61084, Docket No. RM06-16-000 (Oct. 20, 2006) ("FERC NOPR").

specifically addressing transmission line inspections.¹³ While FERC stated that the approved standards are mandatory and enforceable, it also directed NERC to make further improvements to the standards in the coming months.¹⁴

FERC has certified NERC as “the Electric Reliability Organization (ERO) responsible for developing and enforcing mandatory reliability standards.”¹⁵ Therefore, the Commission should defer to FERC’s jurisdiction and NERC’s expertise in developing appropriate reliability rules and should not risk imposing needless or conflicting regulations on EDCs that provide no additional reliability benefits. Deferral would not only be consistent with reasonable and appropriate regulation, it would also be consistent with the Commission’s existing Electric Service Reliability Regulations, which state, in relevant part, that “[a]n 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”¹⁶

Distribution Facilities

With respect to distribution facilities, PECO currently employs a series of inspection and maintenance programs of varying cycle lengths. These include comprehensive treatment (including trimming, hazard tree removals, strategic tree removals, and herbicide use) every five years; selective treatment (focusing on trimming and hazard tree removal) for selected circuits on a more frequent basis when growth characteristics and reliability data for the circuit warrant additional work; and Company inspection of all circuits every two years, with limited vegetation

¹³ See *id.* at ¶363, discussing Proposed Standard FAC-003-1 – Transmission Vegetation Management Program.

¹⁴ FERC NOPR at ¶ 1.

¹⁵ *Id.* at 3.

¹⁶ 52 Pa. Code § 47.193(a).

work conducted based on those inspections to address emergent or newly apparent hazards. PECO has additional mid-cycle and targeted programs in its program plans for 2007, and regularly reviews industry research on tree trimming, as well as its own reliability data, to determine new opportunities for high impact programs.

PECO believes that the most appropriate method for determining a vegetation management program scope and cycle is to conduct an ongoing, *condition-based*, analysis of a utility's system and then target the vegetation management program to the areas with the greatest reward in increased reliability. In PECO's experience, a four-year program will not accomplish that goal. To the contrary, only a relatively small number of vegetation-caused outages are the result of ingrowth or contact with trees that are located within the right-of-way. PECO's experience is that a periodic five-year program, coupled with mid-cycle or other targeted programs such as those described above, is an effective method of managing such outages. Moving to a four-year program simply does not improve reliability over such a condition-based approach.

Program costs, however, are substantially increased in a standardized four-year program. PECO estimates that moving from its current five-year base cycle for comprehensive treatment to a four-year cycle for inspection and basic maintenance – an approach that would cause PECO to increase its annual program miles from 20% to 25% of its system – would cost an additional \$4.5 to \$5 million per year, with no real increase in reliability associated with that increased cost.

Moreover, because funding the four-year cycle would require stripping \$4.5 to \$5 million from the other, more targeted, programs described above, the move to a four-year cycle would almost certainly have an adverse effect on overall reliability in the PECO service territory.

PECO notes that, although the AFL-CIO advocated a four-year distribution requirement earlier in this proceeding,¹⁷ it offered no reasons or arguments in support of its position.

One leading industry researcher, Siegfried Googenmoos, recently highlighted the advantages of allowing a condition-based approach to vegetation management.¹⁸ Dr. Googenmoos reviewed the National Grid system in the Northeast U.S. and, in particular, evaluated the proposal that the National Grid should adopt uniform right-of-way widths for each class of transmission facilities. Such a proposal, of course, is similar to a time-based cycle in that both approaches attempt to standardize the utility's vegetation management behaviors, regardless of the underlying conditions of the trees on and near the relevant right-of-way.

Dr. Googenmoos noted that the proposal to standardize the Grid's vegetation management to standard right-of-way widths "constitutes an inefficient use of resources, costing 30-70% more than using site-specific prescriptions."¹⁹ His conclusion is stark:

It must be concluded that, regardless of how politically expedient a clear right-of-way standard might be, ascribing a minimum right-of-way width by voltage will introduce substantial cost inefficiencies.²⁰

PECO recognizes that there are differences between the standardized program being evaluated by Dr. Googenmoos – tree trimming according to standardized right-of-way widths – and the standardized program being evaluated by the Commission – tree trimming according to standardized time-based cycles.²¹ Nonetheless, Dr. Googenmoos' caution against introducing

¹⁷ Advance Notice of Proposed Rulemaking Comments of the Pennsylvania AFL-CIO Utility Caucus at 4.

¹⁸ Siegfried Googenmoos and Thomas E. Sullivan, *Side Line Tree Risk Assessment and Mitigation*, Utility Arborist Association Quarterly, Fall 2006, pp. 22-26.

¹⁹ *Id.* at p. 26.

²⁰ *Id.*

²¹ PECO also notes that Dr. Googenmoos proposes increased focus on off-right-of-way trees as the best method of increasing reliability; as PECO notes in Section I of these Comments, PECO has limited ability to implement an off right-of-way program. But we should still heed Dr. Googenmoos' caution that standardization has a strong tendency to result in inefficient use of the money that is spent for on-right-of-way programs.

cost inefficiencies by over-reliance on standards is a valid point for the Commission to consider. Given the fact that no real evidence or rationale in support of a four-year cycle has been presented in this proceeding, the policy choice is clear. The Commission should allow utilities the ability to implement *condition-based* vegetation management programs that are not constrained by the cost inefficiencies of standardized cycles. In order to accomplish that, PECO recommends the following amendment language:

Vegetation Management. As part of the plan required by Section 57.198(b), an EDC shall submit a condition-based plan for vegetation management for its distribution system facilities.

If the Commission is not willing to take the position set forth above, PECO requests that the Commission set the time-based cycle for distribution at a level that allows utilities to implement condition-based programs *in addition to* the time-based cycle. In PECO's case, the difference between a five-year cycle and a four-year cycle is sufficient to fund millions of dollars per year of condition-based programs. PECO therefore requests that, at a minimum, the Commission should amend Section 57.198(e)(1) as follows:

§57.198 (e)(1)

Vegetation Management. The statewide minimum inspection and treatment cycles for vegetation management are 4 years 5 years for distribution facilities, and 5 years for transmission facilities.

IV. PECO does not oppose Section 57.198(e)(2) as proposed.

Summary of the Proposed Regulation

Proposed Section 57.198(e)(2) would require an EDC to visually inspect its distribution poles every 10 years.

PECO's Comment

While PECO's current pole inspection program calls for a 10-year inspection cycle of poles that are greater than 12 years of age – and PECO has found this program to amply ensure pole reliability – PECO does not oppose Proposed Section 57.198(e)(2).

V. The Commission should not adopt proposed Section 57.198(e)(3).

Summary of the Proposed Regulation

Proposed Section 57.198(e)(3) would require that an EDC inspect its transmission lines aerially twice per year in the spring and fall and by foot patrol every two years. The proposed regulation would further require that distribution lines be inspected by foot at least once a year and overhead transformers be inspected as part of that foot inspection. Problems affecting integrity of circuits would be required to be repaired or replaced in no more than 30 days. Pad-mount and underground transformers would be required to be inspected every two years and reclosers inspected and tested annually.

PECO's Comments

Based on industry standards and practices, PECO's engineering judgment, and PECO's experience from its existing I&M programs, PECO does not support adoption of this proposed regulation.

Transmission Lines

For the reasons noted relating to FERC jurisdiction over interstate transmission facilities, PECO recommends that the Commission decline to adopt mandatory I&M regulations relating to transmission lines. However, in response to the Commission's inquiry concerning EDCs' current I&M practices, PECO states as follows.

PECO currently inspects its transmission lines by aerial patrol once a year, in the spring, and this aerial patrol is supplemented by a ground patrol in areas that cannot be inspected by air or that need follow-up.²² In PECO's experience this practice amply ensures system reliability and the Commission does not need to impose more stringent regulations. Indeed, PECO's engineers and vegetation management specialist have determined that increasing the frequency of these inspections would not increase the reliability of its transmission line system and instead would only result in a significant increase to its transmission inspection costs.

Distribution Lines and Overhead Transformers

The Commission should not adopt the distribution line inspection requirements of proposed Section 57.198(e)(3) (inspection by foot annually) for the same reasons noted above.

First, PECO already maintains and inspects its distribution system in compliance with all requirements of the National Electric Safety Code ("NESC"). These requirements are developed by industry experts, solely dedicated to electric safety issues, and the Commission should defer to their expertise.

Second, deferral to the NESC's expertise is also consistent with the Commission's existing reliability regulations, which state that "[a]n EDC shall install, maintain and operate its distribution system in conformity with the applicable requirements of the National Electrical Safety Code."²³

Third, PECO currently inspects its distribution lines every two years through a comprehensive ground patrol that includes visual and thermographic inspection of its system. PECO's thermographic inspection uses state-of-the-art imaging and computer equipment to determine hot spots on distribution lines, transformers and electrical connections that cannot be

²² As will be discussed below, a ground patrol can be either by foot or by vehicle, or a combination of both, depending on the equipment needed to thoroughly inspect a line or transformer.

²³ 52 Pa. Code § 47.193(b).

detected by the naked eye. PECO's experience has shown that this biennial inspection program adequately ensures distribution line and transformer reliability. Moreover, PECO's engineers have determined that increasing the frequency of this inspection schedule would not measurably increase the reliability of these systems.

Pad-Mount and Underground Transformers

Similarly, the Commission should not adopt the proposed regulation's two-year inspection requirement for pad-mount and underground transformers. While the goal of this standard may be well intentioned, it will have essentially no effect on system reliability.

As a threshold matter, the Commission should note that pad-mount and underground transformers have an approximate failure rate of once every *100 years*. These transformers are engineered to be reliable because of their cost, their exposure to the elements or, in the case of underground transformers, the constraints on access to them. In the relatively few instances in which transformers fail, a visual inspection normally would not have prevented the failure because most incipient problems with the transformers' conductors and insulation are enclosed inside the tank and are not visible from the outside.

PECO currently inspects pad-mount transformers every five years and underground transformers every six years. These cycles have been more than sufficient to maintain transformer reliability. Indeed, the problems that PECO routinely discovers during these inspections are minor cosmetic problems (*e.g.*, graffiti or minor vandalism) that have no effect on transformer performance.

To shorten the inspection interval for all transformers to 2 years would not be a reasonable use of resources, particularly for below ground transformers. If the Commission should adopt a minimum standard for inspection of above-ground pad-mounted transformers and

below-ground transformers, the Commission should allow EDCs some flexibility around their current practices and amend the proposed regulation to read:

Aboveground pad-mounted transformers and below-ground transformers shall be inspected on a ~~2-year cycle~~ of 8 years or less.

Reclosers

PECO does not support the inspection and testing of all reclosers annually and the Commission should decline to adopt this standard. All reclosers are not manufactured equally. In fact, there are several different types reclosers (*e.g.*, oil-insulated reclosers, solid-dielectric-insulated reclosers) and each has a different industry standard/best practices inspection and testing schedule.

PECO inspects and tests oil-insulated reclosers every two years and solid-dielectric-insulated reclosers every four years consistent with the industry practice for these reclosers. Manufacturers continually strive to produce new reclosers with improved insulation systems, improved interrupting mechanisms, and controls with self-diagnostic capabilities that record and communicate problems over radio or other communications systems. Tomorrow's reclosers will be more reliable and better able to identify their own problems than today's or yesterday's. Recognizing that different types of reclosers require different inspection schedules is consistent with the Commission's meter testing rules, which provide for different schedules for testing different types of meters.²⁴

Moreover, to test all reclosers once per year would be a waste of resources, especially single-phase reclosers, which are simple, self-contained devices mounted high on poles in the zone of the primary wires. Manufacturers do not recommend frequent testing of single-phase reclosers. Therefore, the Commission should not adopt a fixed time period for inspecting

²⁴ See, *e.g.*, 52 Pa. Code § 57.20 (e)(3)-(e)(6), providing that different meters may be tested on either 8 or 16 year cycles, as appropriate for the meter type.

reclosers but should instead allow EDCs the flexibility to tailor their recloser inspection intervals to the type of reclosers they use in their distribution systems.

Nonetheless, if the Commission pursues adoption of a minimum standard for inspection and testing of reclosers, the Commission should allow EDCs flexibility around their current practices while also allowing for continued advancement in recloser self-diagnostic capability.

Accordingly, the Commission should amend the proposed regulation to read:

~~Reclosers shall be inspected and tested at least once per year.~~ Three-phase reclosers shall be inspected on a cycle of 8 years or less. Single-phase reclosers shall be inspected as part of the EDC's individual distribution line inspection plan.

VI. If the Commission adopts Section 57.198(e)(3), the Commission should amend the proposed regulation by changing its “foot” patrol requirements to “ground” patrol requirements.

For the reasons noted above, PECO does not support adoption of Section 57.198(e)(3). Nonetheless, should the Commission decide to adopt the regulation in whole or in part, PECO requests that the Commission change the “foot” patrol requirement of the regulation to require “ground” patrols instead.

In most cases in which PECO is inspecting its distribution system, thermographic or imaging tools must be transported to the site along with computers, maps and other equipment. Thus, PECO performs its non-aerial inspections by vehicle, by foot, or a combination of both as necessary and practicable.

PECO's request is consistent with the Commission's stated goal in the Proposed Rulemaking Order of implementing reasonable regulations. Moreover, changing the regulation as suggested by PECO would allow EDCs the flexibility to perform non-aerial inspections as needed for the terrain in their territories and the type of the inspections required by their equipment.

VII. The Commission should amend proposed Section 57.198(e)(4) to permit inspections of substation equipment, structures, and hardware every five weeks.

Summary of the Proposed Regulation

Section 57.198(e)(4) would require EDCs to inspect their substation equipment, structures, and hardware on a monthly basis.

PECO's Comments

Based on PECO's engineering judgment and years of I&M experience, PECO currently employs a five-week cycle for inspection of its substation equipment. Shortening this period to four weeks, while ostensibly minor, would significantly increase PECO's inspection costs without any measurable increase in reliability. Accordingly, PECO recommends that this section be amended as follows:

§57.198(e)(4)

Substation inspections. Substation equipment, structures and hardware shall be inspected ~~monthly~~ on a cycle of five weeks or less.

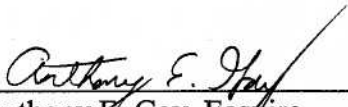
CONCLUSION

PECO supports the Commission's goal of maintaining the reliability of Pennsylvania's electric system. However, the public interest is not served by pursuing a "one size fits all" reliability program at any cost, regardless of whether any measurable benefits are achieved and without consideration of the service territories, environmental conditions and equipment that are unique to each of the Pennsylvania EDCs.

PECO therefore requests that the Commission decline to adopt the Proposed I&M Rules and instead give EDCs the flexibility they need to address their specific maintenance issues. In the alternative, PECO requests that the Commission amend the proposed regulations consistent

with PECO's comments and, by doing so, strike a reasonable and appropriate balance between what is necessary to ensure system reliability and the costs of additional reliability regulations.

Respectfully submitted,



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