



Pike County Light & Power Co.

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November 6, 2006

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VIA EXPRESS MAIL

Pennsylvania Public Utility Commission
Attention: Secretary James J. McNulty
P. O. Box 3265
Harrisburg, PA 17105-3265

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
APR-2006-L-0011
Docket No. L-00040167

Dear Secretary McNulty:

I enclose an original and 15 copies of Pike County Light & Power Company's comments regarding the above-referenced rulemaking. I also have forwarded an electronic version of these comments to Assistant Counsel Elizabeth Barnes. Please contact me directly if you wish any additional information regarding this matter.

Very truly yours,


John L. Carley
Assistant General Counsel

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PENNSYLVANIA PUBLIC UTILITY COMMISSION

Proposed Rulemaking for Revision of 52 PA Code: APR-2006-L-0011
Chapter 57 pertaining to Adding Inspection and: Docket No. L-00040167
Maintenance Standards for the Electric:
Distribution Companies:

COMMENTS OF PIKE COUNTY LIGHT & POWER COMPANY

I. INTRODUCTION

Pike County Light & Power Company (“Pike”) hereby submits its comments in response to the Pennsylvania Public Utility Commission’s (“Commission” or “PAPUC”) Notice of Proposed Rulemaking Order (“Notice”), issued in the above-referenced docket, regarding the possible establishment of inspection and maintenance standards for the electric distribution companies (“EDCs”). The Notice was issued by the Commission on October 7, 2006, and published in the Pennsylvania Bulletin Volume 36 Number 40, Saturday October 7, 2006. [36 Pa.B. 6097].

II. SUMMARY

The PAPUC does not have to adopt inspection and maintenance (“I&M”) standards in order to ensure reliable electric delivery service in Pennsylvania. As discussed below, there are numerous issues, concerns, and variables that drive an EDC’s approach to administering I&M programs to assure proper electric delivery system performance and reliability. To mandate the reliability performance benchmarks that an EDC must satisfy, while also mandating the content of inspection and maintenance standards, will hamper severely the flexibility of an EDC to meet its reliability standards cost-effectively, as well as hinder its ability to achieve efficiencies in work processes.

III. SPECIFIC COMMENTS

While it is within the PAPUC's authority to adopt I&M standards, Pike does not recommend that specific I&M standards should be adopted. Instead, Pike recommends that the Commission establish certain broad reliability criteria and afford individual utilities the flexibility to meet such criteria in the most efficient, cost-effective manner. Any standards adopted by the Commission must not conflict with similar standards adopted by the Federal Energy Regulatory Authority ("FERC"), or the PJM Interconnection ("PJM").

It is undeniable that the characteristics of individual EDC service territories can vary significantly. EDCs presently utilize numerous and various company-specific inspection techniques and reliability-targeted programs for predictive and preventive maintenance to improve reliability. Although equipment may be the same, each utility system is different and such programs have been tailored accordingly. There are numerous utility-specific factors that will affect the content, administration, and variability of I&M programs. These include local weather patterns and how factors such as lightning and wind affect different parts of an EDCs service territory, types of trees and tree growth rates, flat or mountainous terrain, local or municipal regulations and permitting requirements, and union agreements. Additionally, EDCs have different infrastructure and equipment issues that affect the characteristics of their I&M programs, as well as how they are implemented. These include, overhead or underground construction, voltage classes, feeder lengths, age of equipment and plant, and fault availability and equipment duty cycles.

Pike is also a part of a multi-state utility system. The Company has developed its present I&M reliability programs based on history and experience, as well as best utility practices. Tailoring individual programs to specific states within one company is costly and an inefficient use of resources.

EDCs have extensive experience managing their transmission and distribution systems. Programs continue to be modified and improved, applying best practices, and efficiencies have been gained in work practices over time. The flexibility to modify programs and adapt resources to changing requirements should be maintained within each individual EDC's control. Furthermore, now that the PAPUC is informed of existing I&M programs and spending in the Annual Reliability reports, it should not prescribe strict and uniform I&M standards for all the EDCs. Even if the PAPUC determines to subject all EDCs to the same broad categories of I&M standards, the metrics that are applied to individual utilities should not be similarly uniform. Rather, the metrics that are adopted to measure performance should be adjusted on an individual EDC basis to reflect the fundamental differences that exist among EDCs, as discussed above.

The PAPUC should preserve an EDC's flexibility to modify its program approaches and resources in order to maintain its system to meet reliability targets and initiatives. Each EDC has its own frequencies and standards for inspecting and maintaining equipment and managing vegetation cycles. With the advent of new technologies, new and improved approaches to maintenance, and the development of a smarter grid, requiring fixed maintenance practices will hinder opportunities for improvement. The Company has developed its present reliability programs based on experience, as well as best utility practices. Not allowing the Company to focus its resources and funding in areas that the EDC has prioritized, based on experience and best practices, may impede the Company's efforts to maintain, indeed increase, system reliability. The Commission has the authority to review and approve an EDC's programs and cycles. If EDC reliability targets are not achieved, further actions can be addressed between the Commission and that EDC, as is the present practice.

IV. CONCLUSION

Pike does not support the establishment of strict and uniform I&M standards to assure reliable electric service. An EDC's flexibility should be maintained for the development, modification and administration of I&M programs that not only impact reliability but efficiency as well. Pike presently has a number of reliability programs and initiatives that are targeted to maintain good reliability and electric delivery system performance. These programs are based on good utility practice, many years of experience, and are in some cases tailored for the specific geographical and electrical system characteristics in Pike's service territory. The Commission presently has the opportunity to review system performance through quarterly and annual reliability reports, customer-reported complaints, customer satisfaction surveys, and individual company meetings. Reliability is an ongoing and long-term endeavor that should be monitored as such.

In response to the Commission order directing the EDC's to provide the Commission with their current inspection and maintenance intervals for vegetation management and other intervals mentioned in § 57.198(e), attached is a matrix detailing the Company's present practices along with the Company's comments regarding the proposed requirements, as well as their potential impacts. Finally, Pike attaches Annex A, which sets forth Pike's proposed changes to the proposed regulations.

Pike also supports the comments proposed by the Energy Association of Pennsylvania.

PA PUC Proposed Rulemaking on Inspection and Maintenance Standards
Major Items

Maintenance Items Subject	PUC Proposal Distribution Cycle of 4 Years	Current Practice Distribution Cycle of 4 Years, to be reduced to 3 Years effective in 2007.	Potential Impact	Estimated Cost and/or Resource Impact
1) Vegetation Management	The plan must 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 must 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. Transmission Cycle of 5 Years	Distribution 10 feet below and to each side, 15 feet above. Pike current program does not address off ROW vegetation.	Depends on the standards that are prescribed and if the standard applies to the box created at the time of trimming or a minimum allowed during any point of the trimming cycle. This can also be affected by customer concerns or municipal ordinances. Pike has no control of off ROW assets and this requirement should be eliminated.	No incremental costs Cannot be determined until the standards are set.
2) Pole Inspections	Poles inspected every 10 years	Pike has no Transmission in Pennsylvania.	None	None
3) Overhead Line Inspection	Transmission Lines inspected aerially twice per year (spring and fall)	Pike does not implement a pole inspection program.	This is a totally incremental cost that would include pole inspection, treatment, trussing, and replacement.	Annual Costs: \$17K Capital; \$18K Maintenance
	Transmission Lines inspected on foot every 2 years	Pike has no Transmission in Pennsylvania.	None	None
	Distribution Lines inspected on foot every year	Pike has no Transmission in Pennsylvania.	None	None
	All problems found during inspections fixed within 30 days - DISTRIBUTION	We do not do foot patrol, however, three phase lines are infrared inspected each year and single phase lines are inspected every three years. Problems found during infrared inspection are categorized and repaired or monitored based on the category.	Totally incremental program.	Annual Costs: \$55K
	All problems found during inspections fixed within 30 days - TRANSMISSION	Pike has no Transmission in Pennsylvania.	None	None
	Overhead transformers visually inspected annually as part of circuit inspection	Transformers are inspected as part of the infrared program	New program required for visual inspection of OH transformers.	Annual Costs: \$15K
	Underground transformers inspected every 2 years	UG transformers are not inspected as part of the infrared program.	Depends upon the scope of the inspection requirement. An external inspection will require less resources than an internal one, however, either way, additional resources would be required to complete this task.	Annual Costs: \$10K
	Reclosers inspected and tested every year	Reclosers are inspected every year and tested every three years.	Pike has a limited number of these devices in service in PA at this time. Pike would advocate an annual functional field test to verify operability as suitable to meet the testing requirements	No cost impact.
4) Substation Inspections	Substation equipment, structures, hardware inspected monthly	Substation equipment, structures, hardware inspected monthly	None	None

Miscellaneous Items

Subject	PUC Proposal	Current Practice	Potential Impact	Estimated Cost and/or Resource Impact
<p>Plan Submission</p>	<p>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. Within 90 days, the Commission or its designee will accept or reject the plan. 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 will be deemed accepted. The acceptance will be conditioned upon the EDC meeting Commission-established reliability performance standards. 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.</p> <p>The plan must be based on industry codes, National electric industry practices, manufacturers' recommendations, sound engineering judgment and past experience. The plan must be divided into rural and urban areas. The plan must take into account the broad minimum inspection and maintenance intervals provided for in subsection (e).</p>	<p>As part of the Annual Reliability filing, Pike lists the inspections that are planned and reports on the completion status of the previous year's plan. Filing a plan by October 2007 is acceptable. However, Pike has a major objection to the acceptance of this or future plans based upon meeting Commission-established reliability performance standards. There are many factors that can cause an EDC to not meet service reliability standards from year to year, particularly smaller EDC's like Pike whose system performance is inherently variable due to its small size. Weather events and non-company accidents that are out of the control of the EDC can have significant effects on meeting established performance goals, which would not reflect even remotely on the adequacy of inspection and maintenance plans that are developed out of good utility practice and experience.</p> <p>Pike does not support the urban vs. rural concept. However, since the entire Pike service territory is predominantly rural and less than 5000 customers anyway, Pike feels it should only have to submit one plan.</p>	<p>Depends if there is a need to re-configure plans based on the rejection of the plan and its scope.</p> <p>None</p>	<p>???</p> <p>None</p>

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

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§ 57.198. Inspection and maintenance standards.

- (a) **An EDC shall have a plan for the periodic inspection and maintenance of distribution system poles, overhead conductors and cables, wires, transformers, switching devices, protective devices, regulators, capacitors, substations and other facilities critical to maintaining an acceptable level of reliability, in a format the Commission prescribes. The Commission will review each plan and may issue orders to ensure compliance with this section. The Commission may require an EDC to submit an updated plan at any time containing information the Commission may prescribe.**
- (1) **The plan must be based on industry codes, National electric industry practices, manufacturers' recommendations, sound engineering judgment and past experience. The plan must take into account the broad inspection and maintenance practices provided for in subsection (e).**
- (2) **An EDC shall reduce the risk of future service interruptions by accounting for the condition, design and performance of system components and by providing adequate resources to maintain, repair, replace and upgrade the system.**
- (3) **The plan must include a program for the maintenance of clearances of vegetation from the EDC's overhead distribution facilities. The plan must 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.**
- (4) **The plan, or updates to the plan, must form the basis of, and be consistent with, the EDC's inspection and maintenance goals and objectives included in subsequent annual and quarterly reliability reports filed with the Commission.**

(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.

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

(2) Absent action by the Commission to reject the plan within 90 days of the plan's submission to the Commission, or by January 1, whichever is later, the plan will be deemed accepted.

(3) If the plan is rejected, in whole or in part by the Commission, 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.

(1) Within 90 days, the Commission will accept or reject the revisions to the plan.

(2) Absent action by the Commission to reject the revisions to the plan within 90 days of their submission to the Commission, the revisions to the plan shall be deemed accepted.

(d) An EDC shall maintain records of its inspection and maintenance activities sufficient to demonstrate compliance with its distribution facilities inspection, maintenance, repair and replacement programs as required by subsection (e). for a period of two (2) years. The records shall be made available to the Commission upon request within 30 days.

(e) An EDC shall maintain the following types of inspection and maintenance plans:

- (1) Vegetation management.**
- (2) Pole inspections.**
- (3) Overhead line inspections.**
- (4) Substation inspections.**