

PUC Summer Reliability Forum

Electric Distribution Companies' Perspective

by the Energy Association of Pennsylvania

June 7, 2012

**Commonwealth Keystone Building
Harrisburg, PA**

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President & Chief Executive Officer
Energy Association of Pennsylvania**



Introduction

The Energy Association of Pennsylvania represents the interests and positions of its electric and natural gas distribution company members before state agencies (e.g., the PUC) and the General Assembly.

EAP also performs an important educational role by facilitating opportunities and events for member employees to share proven best practices, lessons-learned and cutting-edge technologies which are often attended by out-of-state utilities, government personnel and others.



Introduction

Citizens' Electric Company

Duquesne Light Company

Metropolitan Edison Company *FirstEnergy*

PECO Energy Company

Pennsylvania Electric Company *FirstEnergy*

Pennsylvania Power Company *FirstEnergy*

Pike County Light & Power Company

PPL Electric Utilities Corporation

UGI Utilities, Inc. (Electric Division)

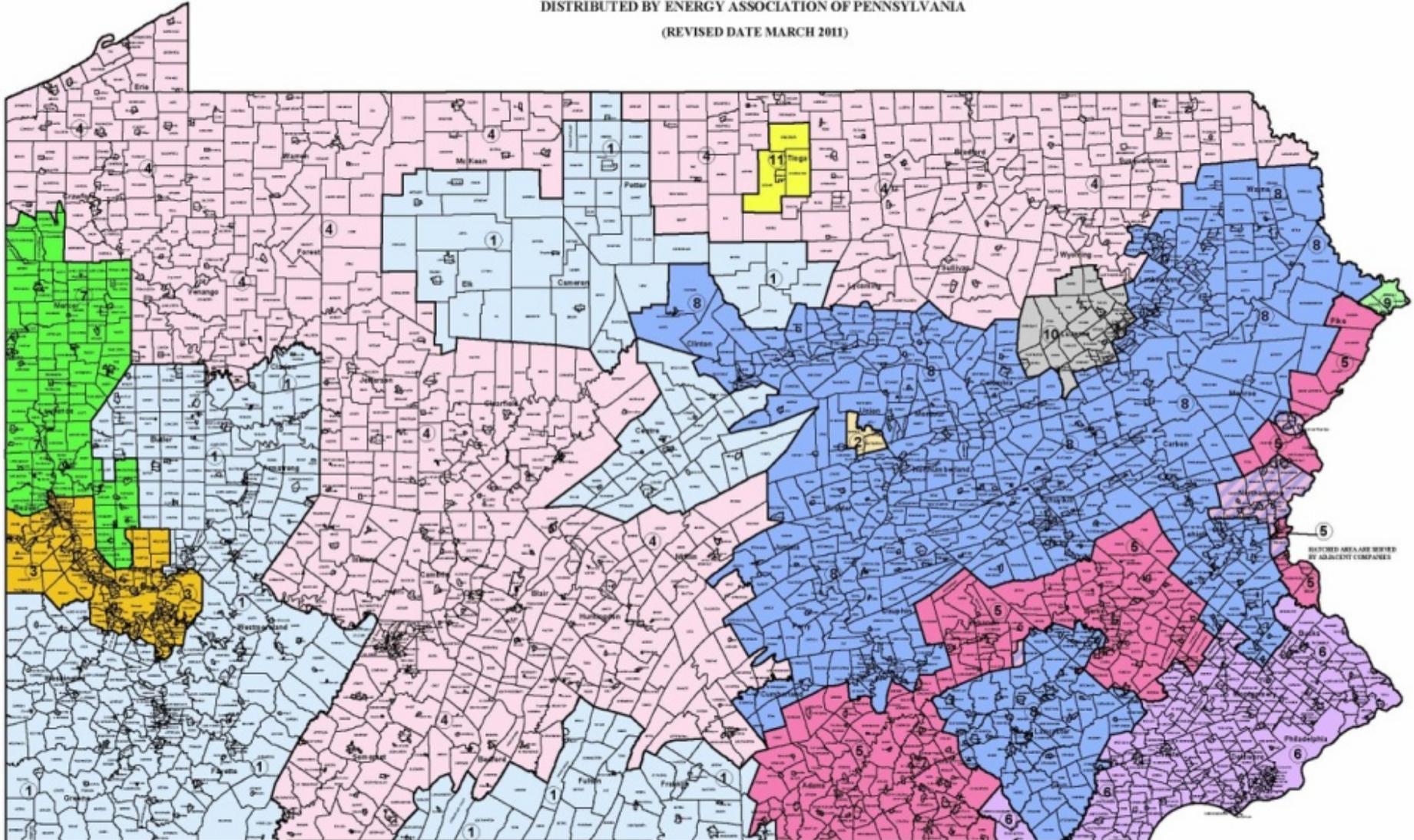
Wellsboro Electric Company

West Penn Power Company *FirstEnergy*

- ✓ Collectively serve over 5.8 million retail customers in Pennsylvania ,of which 86% are residential.
- ✓ Employ approximately 10,000 in their Pennsylvania operations.
- ✓ Own and operate roughly 15,000 miles of transmission lines and over 132,000 miles of distribution lines, in addition to poles, substations, transformers, conductors, circuits, etc.



MAP OF PENNSYLVANIA SHOWING APPROXIMATE OPERATING TERRITORIES OF INVESTOR OWNED ELECTRIC DISTRIBUTION COMPANIES
 (WITHOUT REFERENCE TO CHARTER OR FRANCHISE AREAS)
 (R.E.A. TERRITORIES NOT INDICATED)
 DISTRIBUTED BY ENERGY ASSOCIATION OF PENNSYLVANIA
 (REVISED DATE MARCH 2011)

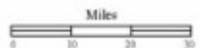


State Map by StateCo (717) 999-9999 (1) Copyright 2010

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| 3 Duquesne Light Company | 7 Pennsylvania Power Company | 11 Wellsboro Electric Company |
| 4 Pennsylvania Electric Company | 8 PPL Electric Utilities Corporation | |



Best Practices Sharing

Since last year's Summer Reliability Forum, EAP and its electric utility members have increased efforts to engage in collaborative discussions and best practices sharing with industry peers, local and state government leaders, emergency personnel and out-of-state utilities to enhance event preparedness.



Commitment to Reliability

EAP member utilities are committed to providing safe, reliable and cost-effective service and consider the ongoing reliability of their delivery systems to be a top priority.



Reliability – Public Expectations

Survey finds many Americans have low tolerance for Power Outages.

An April 2012 Reliability Demand Survey⁽¹⁾ on American attitudes toward electric power outages found that:

- ✓ ***“More than one-third of the public nationwide believes they should never experience an electric power outage, unless there is an extreme weather event”*** including 34% of those living in the Northeast.



⁽¹⁾ The RDS study was a national opinion survey of over 500 Americans in April 2012 jointly-sponsored by Build Energy America and Potomac Communications Group.

Restoration Strategy

- Public safety hazards (wires down).
- Restore service to any affected substations and perform switching to re-route power to customers when possible.
- Public health and safety facilities (hospitals, police, fire, and related critical customers).
- Major circuits (repairs that would restore the greatest number of customers).
- Restore power to smaller neighborhoods and individual services.



Reliability – Challenges

- Using new technology/communications systems to meet customer expectations.
- Increasing demand (e.g., electronic gadgets).
- Cost of utility infrastructure investment (addressed by Act 11).
- Customer resistance (e.g., new power lines, smart meters, landscaping issues).
- Unusual and unpredictable weather patterns.
- Permitting and right of way issues for storm response and infrastructure projects.
- Environmental restrictions on generation technologies can put added pressure on T&D systems.



Reliability – Solutions

- Share/exchange proven best practices on storm preparedness and storm response.
- Invest in infrastructure replacement and modernization as needed, using ratemaking mechanisms authorized by Act 11.
- Educate customers on smart grid technologies and power line projects.
- Employ preventative maintenance & inspection practices and aggressive vegetation management programs.
- Promote energy efficiency measures to help reduce load.
- Continue ongoing training and replace aging workforce.
- Continue to build new transmission infrastructure.



Legislative/Regulatory Provisions

- **Electricity Competition Act of 1996** - Mandated the PUC to maintain the levels of distribution service reliability that existed at the time of passage of the Act.
66 Pa. C.S. §§ 2806 (1)
- **Inspection and Maintenance Standards (eff. 2008)** – Required the PUC to establish standards for inspection and maintenance of distribution facilities and monitor EDC reliability performance and standards pursuant to the Electricity Competition Act. 52 Pa. Code § 57.198.
- **Annual and Quarterly Distribution Reliability Reports** - Established reliability benchmarks and standards to measure the performance of each electric distribution company.
52 Pa. Code § 57.195
- **Biennial Inspection & Maintenance Plans** - Requires EDCs to file a plan every two years “for the **periodic inspection, maintenance, repair and replacement** of its facilities that is designed to meet its performance benchmarks and standards under this subchapter.”
52 Pa. Code § 57.198(a).



Legislative/Regulatory Provisions

- **Act 129 of 2008** (eff. Nov. 14, 2008) - Reduce energy consumption 1% by May 2011 and 3% by May 2013. Reduce peak demand (*top 100 hours of highest demand*) by 4.5% by May 2013. 66 Pa. C.S. § 2806.
- **Act 11 of 2012** – Provides for more timely recovery of costs to replace utility infrastructure through tools such as an automatic adjustment clause and a fully projected future test year. 66 Pa. C.S. Chapters 3, 13 and 33.
- **Outage Response Rulemaking** - Amended existing regulations to improve response to unscheduled outages and establish a uniform approach for reporting standards among industries in the event of utility service outages, reportable events and accidents. 52 Pa. Code Chapter 57.
- **Public Notification Policy Statement** - Provides guidance on acceptable communication and public information methods during utility service outages and promotes increased use of technology for communicating with customers. 52 Pa. Code § 69.1901.



Summary

- EAP member EDCs act to ensure **safe and reliable electric service**, including encouraging customers to conserve electricity on peak usage days during the summer.
- Under the Electricity Competition Act and associated regulations the **Commission ensures** that distribution system reliability is maintained.
- Pennsylvania's EDC Act 129 plans which serve to **conserve energy and reduce peak demand** also enhance reliability.
- Pennsylvania's newly-enacted Act 11 will help to encourage EDC capital investments in new technology and infrastructure to maintain and enhance distribution system reliability by providing **timely rate recovery, which is critical to development**.



Thank you.

