**BEFORE**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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| In the Matter of the Application of Duke Energy Ohio, Inc. to Establish Reliability Targets. | ::: | Case No. 13-1539-EL-ESS |

**COMMENTS**

**SUBMITTED ON BEHALF OF THE STAFF OF**

**THE PUBLIC UTILITIES COMMISSION OF OHIO**

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# BACKGROUND AND SCOPE

 Duke Energy Ohio’s (Duke’s) current SAIFI[[1]](#footnote-1) standards were originally estab­lished in Case No. 08-920-EL-SSO on December 17, 2008, when the Commission approved a stipulation filed in that case. Duke is not proposing any changes to its SAIFI standard, and Staff does not oppose leaving the current SAIFI standard in place.

 Duke’s current CAIDI[[2]](#footnote-2) standards were established in Case No. 09-757-EL-ESS on July 29, 2010, when the Commission approved a stipulation filed in that case by Duke, Staff, and the Office of the Ohio Consumers’ Counsel. Among other things, that stipula­tion included a requirement for Duke to file an updated reliability performance standards application by June 30, 2013. Accordingly, Duke filed such an application on June 26, 2013 and subsequently filed an amended application on August 12, 2013. Staff’s com­ments apply to that amended application and are limited in scope to those topics with which Staff has an issue. Those issues are discussed in the paragraphs below.

# COMMENTS

## Duke’s reliability survey does not comply with Staff’s guidelines.

 Rule 4901:1-10-10 (B)(4)(b) of the Ohio Administrative Code (O.A.C.) required each electric utility to conduct a reliability-related customer survey at least once every three years, and to do so under staff oversight. As part of that oversight, staff has devel­oped reliability survey guidelines, which include the following:

* The wording of the survey questions should be as prescribed by Staff;
* The surveys need to be administered separately to random samples of residen­tial and small commercial customers;
* Each of these surveys (residential and small commercial) needs to contain a minimum sample size of 400 customers; and
* Each of these surveys (residential and small commercial) needs to be adminis­tered to one-quarter of the total sample (minimum of 100) during each of four consecutive calendar quarters.

In reviewing the reliability survey results that Duke filed in this case, Staff noted that the surveys were based on a sample size smaller than that required by Staff’s survey guide­lines. That minimum sample size is necessary to produce a 95 % confidence level. In order to ensure that Duke’s survey results can be relied upon, Staff recommends that the Commission order Duke to comply with all of Staff’s reliability survey guidelines.

Duke’s request for a higher CAIDI standard for year 2016 is unjustified.

 Duke’s current standards were established based on the expectation that there would be a progressive increase in CAIDI due to the impact of its Smart Grid distribution automation (DA) program. Contrary to expectations, Duke’s CAIDI performance actu­ally declined during two of the last three years of its DA implementation. Staff also notes that Duke completed its DA program in 2013, three years prior to the year 2016 when Duke’s proposed higher CAIDI standard would go into effect. Although Duke claims that it will implement other programs after 2013 that may cause CAIDI to increase, it makes no firm commitment to implement those programs and even if there were such a commitment, there is no assurance that such implementation will increase CAIDI as Duke suggests. Staff therefore recommends that the Commission not approve Duke’s request for a higher CAIDI standard in 2016.

## Duke’s reliability standards should be based on an average of historical performance.

 In its application, Duke proposes a new standard based on a trend-line projection of future performance. This methodology is inconsistent with that prescribed by Staff’s “Guidelines for Reliability Standards Applications” which appear at the end of O.A.C. Rule 4901:1-10-10 and which are posted on the PUCO website. These guidelines rec­ommend that reliability standards be based on an average of historical performance. Accordingly, Staff recommends that that Duke’s reliability standards be based on an average of performance over the last five years.

## Duke’s historical performance should reflect the more accurate data generated by Duke’s current outage management system.

 As part of its analysis in this case, Staff reviewed Duke’s daily reliability data for the years 2003 through 2012 to verify Duke’s calculations of thresholds for major event exclusions as well as the annual performance that resulted from excluding the major event data. After verifying Duke’s calculations, Staff noted that the resulting annual per­formance was different from what Duke filed in its annual reliability reports required by O.A.C. Rule 4901:10-10-10 (C). When asked about these differences, which mostly resulted in lower (better) CAIDI performance, Duke engineering personnel responded that the data came from Duke’s current outage management system, which produces more accurate data than its old system. Since the new data is more accurate and reflects better performance, Staff recommends that it be used to develop the five-year average of historical performance upon which to base new standards.

## Duke’s historical performance data should be adjusted to remove the impact of missing the CAIDI standard.

 Duke missed its CAIDI standard in 2010. Staff believes it is unreasonable to include missed-standard performance in the calculations used to establish new standards. Staff therefore recommends an adjustment to Duke’s 2010 CAIDI performance to remove the minutes in excess of Duke’s 2010 CAIDI standard.

## Duke’s CAIDI standard should be based on its most recent five-year historical performance.

 As mentioned above, Duke filed its application in this case on June 26, 2013. Since that time Duke has completed another year of reportable reliability performance. To incorporate the most recent data, Staff recommends that Duke’s CAIDI standard be based on the five years 2009 through 2013

## Duke’s CAIDI standard should include an allowance for variability.

 O.A.C. Rule 4901:1-10-02 (A)(1) states that the Electric Service and Safety Standards (including the electric reliability standards) are intended to be minimum standards. Staff believes this means that reliability standards should reflect a minimum level of acceptable reliability by allowing performance to fluctuate around an historical average. Staff is aware that a major factor driving reliability performance is the number of large but non-excludable storms that the utility experiences during the year, and Staff believes that reliability standards should allow some performance variation associated with this and other uncontrollable factors. Consistent with past practice, Staff believes that a 10-percent adder is sufficient to allow for such variation. Staff therefore recom­mends that Duke’s five-year average performance be adjusted by 10 percent to calculate its CAIDI standard.

## Duke’s current CAIDI standards should be reduced for years 2014 and 2015.

 Based on its comments in Paragraphs 2 through 7 above, Staff recommends that Duke’s CAIDI standard be calculated as follows.

|  |
| --- |
| Staff's Calculation of Duke's CAIDI Standard |
| Year | Company's Reported Historical Performance | Staff's Calculated Performance [[3]](#footnote-3) |
| 2009 | 99.19 | 97.25 |
| 2010 | 110.85 | 108.79 |
| 2011 | 107.00 | 104.97 |
| 2012 | 103.26 | 103.29 |
| 2013 |  | 116.39 |
| 5-Year Average | 106.14 |
| 10 % Variance | 10.61 |
| Proposed Standard | 116.75 |

The CAIDI standard Staff recommends above should be established for years 2014 and 2015, and should remain in effect until the Commission approves new standards for Duke.

## Below is a comparison of current vs. proposed CAIDI standards.

|  |
| --- |
| Duke’s Current CAIDI Standards |
| 2013 | 2014 | 2015 | 2016 |
| 118.14 | 121.25 | 124.37 | 124.37 |

|  |
| --- |
| Duke’s Proposed CAIDI Standards |
| 2013 | 2014 | 2015 | 2016 |
| 118.14 | 121.25 | 124.37 | 127.37 |

|  |
| --- |
| Staff’s Recommended CAIDI Standards |
| 2013 | 2014 | 2015 | 2016 |
| 118.14 | 116.75 | 116.75 | 116.75 |

Respectfully submitted,

**Michael DeWine**

Ohio Attorney General

**William L. Wright**

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/s/ Thomas W. McNamee

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# PROOF OF SERVICE

 I hereby certify that a true copy of the foregoing **Comments** submitted on behalf of the Staff of the Public Utilities Commis­sion of Ohio,was served by regular U.S. mail, postage pre­paid, or hand-delivered, upon the following Parties of Record, this 21st day of January, 2014.

/s/ Thomas W. McNamee

**Thomas W. McNamee**

Assistant Attorney General

**Parties of Record:**

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1. SAIFI is the System Average Interruption Frequency Index, which represents the average number of interruptions per customer served. [↑](#footnote-ref-1)
2. CAIDI is the Customer Average Interruption Duration Index, which represents the average time to restore service to customers interrupted. [↑](#footnote-ref-2)
3. In its calculation, Staff used the Company’s historical performance data from its new reporting system, except for 2010 (where the current CAIDI standard is substituted for actual performance to adjust for missing the standard that year) and 2013, (where Duke provided its performance to Staff). [↑](#footnote-ref-3)