BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Dayton Power and Light Company for Establishing New Reliability Targets	)))	Case No. 12-1832-EL-ESS

REPLY COMMENTS
BY
THE OFFICE OF THE OHIO CONSUMERS' COUNSEL

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I. INTRODUCTION

Dayton Power and Light Company ("DP&L") filed an Application on June 29, 2012 to establish new reliability standards pursuant to Ohio Admin. Code 4901:1-10-10.[1] The new reliability standards are of vital importance to DP&L's residential customers because they will establish the parameters under which the Company's service quality and reliability will be evaluated.

The Office of the Ohio Consumers' Counsel ("OCC") filed a Motion to Intervene and Memorandum in Support on June 26, 2012. By Entry dated October 10, 2012, the Public Utilities Commission of Ohio ("PUCO" or "the Commission") granted OCC intervention and established a procedural schedule for this case including: a technical conference on November 1, 2012, an opportunity for filing initial comments on November 20, 2012, PUCO Staff comments on November 30, 2012, and an opportunity for reply comments by December 20, 2012.[2] On behalf of the approximately 455,000

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[1] *In the Matter of the Application of The Dayton Power and Light Company for Establishing New Reliability Targets,* Case No. 12-1832-EL-ESS, Application (June 29, 2012).

[2] Case No. 12-1832-EL-ESS, Entry at 2 (October 10, 2012).

residential customers of DP&L, the OCC welcomes the opportunity to file these Reply Comments concerning the reliability of service that DP&L must provide customers.

II. COMMENTS

A. The PUCO Staff's Comments Should (But Do Not) Address The Issue That The DP&L Application Does Not Comply With The Rules In Ohio Admin. Code 4901:1-10-10 For Establishing Reliability Standards.

In Initial Comments,[3] the OCC noted that the Company's Application did not comply with the Ohio Admin. Code 4901:1-10-10(B)(4) requirement that applications for approval of reliability standards must include supporting justification for each reliability standard. That justification is to reflect historical system performance, system design, technological advancements, service area geography, and the results of a customer perception survey.[4] OCC demonstrated in Initial Comments that DP&L Application's was unjust and unreasonable because DP&L failed to consider system design, technological advancements, and service area geography in proposing the standards.[5] The PUCO Staff Comments are silent concerning these major deficiencies in DP&L's Application.

B. The PUCO Staff's Comments Should (But Do Not) Use The Specific Guidelines That The Staff Issued Concerning The Methodology To Be Used In Establishing Reliability Standards.

On the PUCO website, the PUCO Staff has listed specific Guidelines for Reliability Standards Applications. These guidelines outline the Staff's expectations concerning Applications and are routinely used by Electric Companies as part of their

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[3] OCC Initial Comments at 6.

[4] Ohio Admin. Code 4901:1-10-10(B)(4)(a).

[5] OCC Initial Comments at 6 – 8.

electric reliability standards filings. According to the guidelines, Applications for reliability standards are to be based on at least five years of reliability performance data.[6] The Staff guidelines specifically require use of the **average five-year historical performance that is then to be adjusted** based on other quantifiable factors including the system design, technological advancements, service area geography and the results of a customer perception survey.[7]

Despite the fact that the PUCO has provided these guidelines, the Staff's Comments in this case are inconsistent with those very guidelines. The guidelines require:

> Rules 4901:1-10-10(B)(2), (3), (4), and (5) of the Ohio Administrative Code (O.A.C.) require each electric utility in the state to file with the Commission an application to establish company-specific minimum reliably performance standards, and prescribe what should be included in the application's supporting justification and work papers. **The following are Staff's guidelines for electric utilities to use in developing their reliability standards applications, supporting justification, and supporting work papers**.(Emphasis added).
>
> 1. Service reliability performance standards for **CAIDI and SAIFI should be calculated by averaging historical performance and using the average as a baseline for adjustments** that would result in a proposed standard.(Emphasis added).
>
> 2. Historical system performance should include **at least five years of reliability performance data** or an explanation of why that is not possible. Such performance data must reflect the exclusion of major events and transmission

[6] http://www.puco.ohio.gov/puco/index.cfm/rules/pending-rules/rule-49011-10-10b-guidelines-for-reliability-standards-applications/

[7] http://www.puco.ohio.gov/puco/index.cfm/rules/pending-rules/rule-49011-10-10b-guidelines-for-reliability-standards-applications/

outages as defined in Rules 4901:1-10-1(Q) and (AA), O.A.C., respectively.(Emphasis added).

3. The application should separately **quantify the adjustment that the electric utility proposes for each factor it believes should be considered in adjusting the average historical performance** to develop the standard. **All factors listed in Rule 4901:1-10-10(B)(4)(a), O.A.C., should be addressed, including those for which no adjustment is made.**(Emphasis added).

The Staff issued guidelines clearly require that Applications for reliability standards include sufficient data to demonstrate at least five years of actual historical performance. Once the five-year average historical performance is determined, specific quantifiable adjustments are to be made based on system design, technological advancements, service area geography, and the results from the customer perception survey. Table 1 reflects how this Staff proposed methodology should be applied in determining the appropriate reliability standards for DP&L. The PUCO Staff's use of only three years data is inconsistent with the Staff's reliability guidelines and leads to a degradation of the CAIDI reliability standards that may negatively impact the quality of service that customers receive. The Commission should be hesitant to permit such a change.

Table 1: Staff Guidelines for Reliability Standards Applications

Factor Affecting Reliability Performance	**SAIFI**	**CAIDI**
Five Year Average Reliability Performance Data Without Adjustment[8]	0.88	114.36
Quantified Adjustment for System Design[9]	-	-
Quantified Adjustment for Technological Advancements[10]	-	-
Quantified Adjustment for Service Area Geography[11]	-	-
Quantified Adjustment for Customer Perception Survey[12]	-	-
Proposed Reliability Standard (With Quantified Adjustments)[13]	0.88	114.36

C. The PUCO Staff Proposes Using Three Years Of Average Performance Data Rather Than Five Years

Even though the Staff-issued guidelines require that applications justify reliability standards based on at least five years of historical performance data, through its Comments, Staff is now proposing that DP&L use only three years of the historical reliability performance data. Staff noted that DP&L has implemented a 5-year cycle based program where it now trims all overhead distribution circuits end-to-end at least once every five years.[14] Staff indicated that the 2007 and 2008 data should not be used in the calculations because the Company had not implemented the cycle-based vegetation

[8] DP&L Application at 3.

[9] DP&L Application at 5. DP&L has claimed no adjustment.

[10] DP&L Application at 6. DP&L has claimed no adjustment.

[11] DP&L Application at 6. DP&L has claimed no adjustment.

[12] DP&L Application at 4. DP&L has claimed no adjustment.

[13] OCC Initial Comments at 10 supports the need for an adjustment based on the implementation of the cycle-based vegetation management program.

[14] Staff Comments at 3.

during these years. Staff suggests that the three-year period (2009 -2011) data is more reflective of the improvements in reliability performance that should occur as a result of the cycle-based vegetation management program on a going-forward basis.

In sum, rather than use the five years of data and then making the appropriate adjustments, Staff is recommending an adjustment to the initial data, and then another 10% adder adjustment after modifying the five years of data to three years of data. This results in a second modification to the base data. OCC disagrees with this extra modification and instead recommends that the Company use five years of performance data, as was intended and then make any appropriate adjustments based on the effects of the cycle-based vegetation management program. An analysis by the Company is necessary to determine the full impact of the vegetation management program on distribution reliability. For example, while outages caused by trees inside the right of way appear to have decreased in 2009, 2010, and 2011 from the 2007 and 2008 levels, the number of outages caused by trees outside of right of way substantially increased in 2011 as shown in Table 2.[15]

Table 2: Outages Caused by Trees

Outage Cause	2007	2008	2009	2010	2011
Trees Inside Right of Way	923	1621	510	351	505
Trees Out of Right of Way	572	629	373	520	865

[15] Data provided in DP&L response to OCC Interrogatory No. 4.

As shown in the OCC Initial Comments, the five-year average SAIFI for DP&L is 0.88.[16] For 2009, 2010, and 2011, the actual SAIFI performance was 0.76, 0.83, 0.81 respectively -- superior to the five year average performance. The performance improvement in SAIFI may be partially attributable to fewer outages because of the changes in the vegetation management program. However, the cycle-based vegetation management program should not negatively impact CAIDI. Yet, the CAIDI performance in 2010 and 2011 was 116.09 minutes and 120.61 minutes - - worse than the five-year average of 114.36 minutes by 1.73 minutes and 6.25 minutes respectively. Staff provided no rationale in comments to support the degraded CAIDI performance.

The Commission's rules and the Staff guidelines clearly assign the responsibility for quantifying the impact of changes in the Company inspection and maintenance programs -- like a cycle-based vegetation management programs on the Utility. The fact that the DP&L did not consider the impact of the five year vegetation management program in proposing reliability standards and that Staff then recommended using only three years of historical performance data is unjust and unreasonable. Outages related to vegetation management inside right of way have decreased since the Company implemented the cycle-based vegetation management program; this demonstrates that the 10 percent adder to the standards is unnecessary and results in customers paying more for less stringent reliability standards. DP&L should be directed by the Commission to perform such an analysis and to propose an adjustment to the five year average performance accordingly.

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[16] OCC Initial Comments at 13.

D. Staff Proposes Use Of An Unsupported And Unnecessary Ten Percent Adder To Three-Years Of Average Performance Data.

Staff comments that the variability adders as proposed by DP&L (9.31% for CAIDI and 10.31% for SAIFI) were no longer necessary.[17] OCC agrees that the variability adders are not necessary and that the reliability standards should follow the rules and the Staff guidelines.[18] However, Staff then reversed itself and recommended that a ten percent variance should be added to the three-year average performance data. Staff comments do not provide any rationale for this variance and the use of an adder is not supported in the Commission rules or the Staff guidelines. This proposal by Staff is unjust and unreasonable because it results in reliability standards than are not supported by the Commission rules and the demonstrated performance of the DP&L distribution system. Table 3 shows how Staff calculated its proposed CAIDI and SAIFI standards.[19]

Table 3: Staff Proposed CAIDI and SAIFI Standards

Historical Performance	CAIDI	SAIFI
2009	104.31	0.76
2010	116.09	0.83
2011	120.61	0.81
Three-Year Average	113.67	0.80
10 percent of Three-year Average	11.37	0.08
Average Plus 10 percent	125.04	0.88

[17] Staff Comments at 4.

[18] OCC Initial Comments at 9.

[19] Staff Comments at 5.

The reliability standards being established in this proceeding are relevant to the day to day operation of the DP&L distribution system without considering the effects of major storms and other catastrophic events and the impact these events have on the distribution system.[20] These are in essence the "blue sky" standards that prescribe the level of reliable service customers can expect from DP&L when there are not major storms or other events affecting electric service. The imposition of an additional 11.37 minutes on CAIDI beyond the five-year average performance is not necessary and can lead to long term service quality degradation including customers being without service for longer periods of time than necessary. Customers being without service for longer periods of time is inconsistent with the intent of the service reliability standards, and should be rejected.[21]

Staff appears to be attempting to provide flexibility in the standards by using the 10 percent adder as a way to account for unforeseen events. However, the Commission rules already provide a mechanism for statistically excluding certain major events from the historical average data and for including adjustments due to system design, technological advancements, service area geography, and the results from the customer perception survey. Ohio Admin. Code 4901:1-10-01 includes a definition for major event days that was adopted through the Institute of Electric and Electronic Engineers (IEEE) -- a trade association of the electric utilities. The variance that Staff is seeking to provide DP&L with a ten percent adder (for blue sky performance) is in addition to the

[20] OCC Initial Comments at 6.

[21] Ohio Revised Code 4928.02(A).

variance that the Commission rules already provide the Company in excluding major events from the reliability performance standards.

E. The Staff Guidelines For Reliability Applications Should Be Amended To Include Staff Guidance Concerning The Customer Perception Survey.

The Staff comments indicate that DP&L did not comply with Staff guidelines concerning the administration of the customer perception survey.[22] These guidelines include Staff prescribing the wording on the survey, use of random samples of residential and small commercial customers, sample size, and the timing when the survey is administered. According to the Staff comments, DP&L committed in October 2012 to following these guidelines in the future.[23] However, the Staff's guidelines concerning the customer survey do not appear on the Staff guidelines concerning reliability standards applications. OCC recommends that the Staff update the guidelines for reliability standards applications on the Commission website to include this information.

In addition, OCC is concerned about DP&L following through on commitments made to Staff or the OCC concerning the customer perception survey. Given the Company's track record in meeting stipulated commitments in its last reliability standards case, neither Staff nor OCC were able to provide the input that was expected in the customer survey process.[24] The Commission should direct the Company to perform a

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[22] Staff Comments at 3.

[23] Staff Comments at 4.

[24] See OCC Initial Comments at pages 10 and 11 concerning the commitments DP&L did not honor with the OCC involving the last customer perception survey.

customer perception survey in compliance with the stipulation in the last reliability standards case[25] and to propose adjustments related to the customer perception survey.

F. The Commission Must Find The Reliability Standards Proposed By DP&L To Be Unjust And Unreasonable Because The Application Fails To Comply With The Commission Rules Concerning Reliability Standards Applications And The Staff Guidelines Concerning Such Applications And This Matter Should Be Scheduled For Hearing.

If the reliability standards proposed by the Company appear to be unjust or unreasonable, the Commission should schedule the matter for hearing according to Ohio Admin. Code 4901:1-10-10(B)(6)(e). In the OCC initial and reply comments, OCC demonstrated that the DP&L proposed reliability standards were unjust and unreasonable because the Company failed to justify the standards using the factors that must be considered according to Ohio Admin. Code 4901:1-10-10(B)(4)(a).

In these reply comments, OCC demonstrated that the Staff comments resulted in propped reliability standards that were inconsistent with the specific guidelines that Staff issued concerning reliability standards applications. Staff recommended that a three-year average historical baseline be used rather than a five-year baseline that was adjusted for changes that the DP&L made in vegetation management practices. Staff further recommended a ten percent adder to the three-year average performance without supporting rationale. Table 4 compares the recommended standards proposed by the

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[25] *In the Matter of the Application of the Dayton Power and Light Company for Establishing New Reliability Targets,* Case No. 09-754-ESS, Stipulation and Recommendation at 4-5 (March 29, 2010). In this Stipulation, DP&L agreed to provide Staff and OCC an opportunity to review the survey methodology before the survey was distributed to customers. Additionally, DP&L agreed in the next proceeding where reliability standards were being set to include an explanation as to how the survey results were considered in the development of a) the types of reliability standards that should be recommended; b) the level of each recommended reliability standard; c) any programs to improve reliability performance.

DP&L for SAIFI and CAIDI compared with the recommendations made by the OCC and the Staff.

Table 4: Comparison of DP&L, Staff and OCC SAIFI and CAIDI Recommendations

Proposal (Methodology)	SAIFI	CAIDI (minutes)
DP&L Application (Five year historical average performance with a 10.31% adjustment for SAIFI and a 9.31% adjustment for CAIDI)	0.97	125.01
Staff Proposal (Three year historical average performance with a 10% adder for SAIFI and CAIDI)	0.88	125.04
OCC Proposal (Five year historical average performance with a TBD adjustment for the cycle-based vegetation management program and results from the customer perception survey)	0.88	114.36

III. CONCLUSION

The Commission should find that the DP&L's proposed reliability standards of 125.01 minutes for CAIDI and 0.97 for SAIFI are unjust and unreasonable. The Company failed to follow the Commission standards and Staff guidelines in developing the proposed standards. As such, factors such as the system design, technological advancements, service area geography and the results from the customer perception survey were not considered in the development of the standards. The Commission should find that the Staff's proposed standards of 125.04 minutes for CAIDI is not reasonable because the Staff included two unjustified modifications, one using a three-year historical baseline that is inconsistent with the five-year guidelines Staff issued concerning reliability standards applications. Staff then also recommended a 10% adder modification. In place of these modifications, OCC has recommended a just and reasonable standard of 114.36 minutes for CAIDI and 0.88 for SAIFI. The Commission should adopt the OCC proposed standard or alternatively schedule this matter for hearing.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the Reply Comments was served on the persons stated below via electronic transmission, this 20th day of December 2012.

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