

Prepared Testimony of

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*before the*

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Good afternoon Chairperson Boscola, Senator Santarsiero, and members of Senate Democratic Policy Committee. I am Gladys Brown Dutrieuille, Chairman of the Public Utility Commission (Commission). Joining me today is Dan Searfoorce, the Manager of Water, Reliability and Emergency Preparedness, in the Commission's Bureau of Technical Utility Services (TUS). My testimony provides remarks regarding the Commission, and our regulated electric utilities efforts, to maintain service reliability. The Commission is aware of the impacts of electrical outages and works with its regulated electric distribution companies (EDCs) as well as county and state emergency management officials to manage emergency response.

The Commission recently released its annual Electric Service Reliability Report, detailing benchmarks and standards as well as the performance of the state's 11 regulated EDCs.<sup>1</sup> The data for 2019 shows a regression in the overall reliability performance of our EDCs. Key findings include the following:

- Overall reliability performance and resilience of Commission regulated electrical distribution systems is trending negative.
- Electric reliability and resilience appear to be most challenged during storm activity which bring down trees and limbs onto the distribution lines.
- The EDCs experienced 52 Commission reportable outage events in 2019 with 50 of those being due to severe weather. This number of events, 52, is the highest ever recorded. The previous record occurred in in 2017, with 50.<sup>2</sup>
- If the weather pattern experienced in the past three years continues, it appears many EDCs will continue to struggle to achieve sustained benchmark performance.

Following up on the Electric Service Reliability Report, Commission staff will be meeting with the EDCs in October to discuss overall electric reliability and options for improvement through available regulatory tools.

The Commission consistently monitors weather for impending events which may cause electrical outages. We communicate with the EDCs before and during these events to ensure EDC preparation. The Commission is also a direct liaison with the Pennsylvania Emergency Management Agency (PEMA) and participates

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<sup>1</sup> The report is available for download here:

[http://www.puc.pa.gov/General/publications\\_reports/pdf/Electric\\_Service\\_Reliability2019.pdf](http://www.puc.pa.gov/General/publications_reports/pdf/Electric_Service_Reliability2019.pdf).

<sup>2</sup> Service outages reports are required under 52 Pa. Code § 67.1. The reporting threshold for a 67.1 reportable outage event is 5 percent of total customers or 2,500 customers, whichever is less, for 6 or more consecutive hours. The reporting requirements are an initial phone call to the Commission when it is believed the threshold will be reached, followed by a written report 10 working days after the last customer is restored.

with PEMA, amongst other state agencies, in preparing for and responding to severe weather events.

If the impending weather event appears to be of a significant impact to the Commonwealth, the Commission works with PEMA and other state and federal agencies on preparation. Commission Emergency Preparedness Staff also work with the EDCs and other jurisdictional lifeline utilities (water, wastewater, telephone, and natural gas) to understand their preparations and to capture any unmet needs.

The Commission has a standard operating procedure to initiate a conference call with the Chairman's Office and the lifeline utilities' senior management before and during high-impact events. Commission Staff facilitates the call, which includes representatives from the Governor's Office, PEMA, and any other applicable agencies. For example, we held several calls on the COVID-19 potential impacts and working through the business restrictions that were enacted. The calls were helpful to facilitate adequate utility service and continue utility work on critical capital projects.

EDCs also hold regional conference calls with county emergency management and local and state elected officials in areas impacted by severe storm events. These are a best practice developed and memorialized in Commission policy.<sup>3</sup> Another best practice includes the EDCs offering of in-person or virtual liaisons to county emergency operations centers during impactful events. These liaisons help to address road closure priorities and communicate on priority restoration needs.

Reliability is at the core of the Commission's statutory mission to ensure utilities provide and maintain adequate, efficient, safe, and reasonable service and facilities.<sup>4</sup> The Electricity Generation Customer Choice and Competition Act mandates that the Commission ensure levels of reliability that existed prior to the restructuring of the electric utility industry.<sup>5</sup> The Commission has established reliability benchmarks<sup>6</sup> and standards<sup>7</sup> based on those pre-restructuring metrics. EDCs that are not compliant with these metrics undergo additional scrutiny by the Commission staff and continuous noncompliance may trigger enforcement action.

The Commission has reporting requirements designed to ensure continued safety, adequacy and reliability of the transmission and distribution of electricity in

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<sup>3</sup> 52 Pa. Code §§ 1901 – 1903.

<sup>4</sup> 66 Pa. C.S. § 1501.

<sup>5</sup> Act of Dec. 3, 1996, P.L. 802, No. 138, 66 Pa. C.S. §§ 2801 et.seq.

<sup>6</sup> The benchmark performance value represents the statistical average of the EDC's annual, systemwide, reliability performance index values for the five years from 1994-98. The benchmark value serves as an upper limit that EDCs should be consistently achieving to ensure reliability performance is considered satisfactory and acceptable.

<sup>7</sup> The standard performance value represents an EDC's performance upper control limit established to allow EDCs to exceed the benchmark performance value occasionally and briefly.

the Commonwealth. A summary and evaluation of this data is published annually in the Commission's Electric Service Reliability Report, mentioned above.

The Commission currently uses three main metrics to measure reliability performance. These performance metrics are based on those adopted by the Institute of Electrical and Electronics Engineers (IEEE):

- CAIDI (Customer Average Interruption Duration Index): Measures average power restoration time (by minutes) for every customer who lost power during the reporting period.
- SAIDI (System Average Interruption Duration Index): Measures average outage duration time (by minutes) for every customer served during the reporting period.
- SAIFI (System Average Interruption Frequency Index): Measures average frequency of power interruptions for every customer served during the reporting period.

Other electric reliability data reported to include the following:

- Average number of customers served.
- Number of sustained customer interruption minutes.
- Number of customers affected by service interruptions.
- Analysis of outage causes such as equipment failure, animal contact, and contact with trees.
- Reliability performance on the worst performing circuits and a corrective action plan to increase the reliability of these circuits.

Of note in the Electric Service Reliability Report with 2019 data:

- Four EDCs achieved the CAIDI Benchmark, while seven EDCs failed to achieve the CAIDI benchmark.
- Three EDCs achieved the SAIDI Benchmark, while eight EDCs failed to achieve the SAIDI benchmark.
- Five EDCs achieved the SAIFI Benchmark, while six EDCs failed to achieve the SAIFI benchmark.

Based on analysis of the data submitted by EDCs, as well as data collected by Commission Staff on severe storms and outage events, the Electric Service Reliability Report determined the following:

- Severe weather in Pennsylvania was challenging to both electric reliability and resilience in 2019. The overall EDC reliability performance in

Pennsylvania and the ability for EDCs to achieve and sustain benchmark CAIDI and SAIFI performance has been difficult from 2004 through 2019.

- In 2019, all 11 Pennsylvania EDCs failed to achieve benchmark in all 4 rolling 12-month quarters for all performance indices. Also, four of eleven EDCs failed to achieve benchmark for all performance indices at the end of 2019.
- Electric reliability in Pennsylvania will continue to be vulnerable to severe weather events.
- EDCs should continue to invest in upgrading infrastructure and utilize tools such as the distribution system improvement charge (DSIC) and long-term infrastructure improvement plans (LTIIPs).<sup>8</sup>

LTIIPs and DSIC are a unique regulatory tool that allows EDCs to accelerate capital investment on programs designed to improve reliability. All of the largest EDCs have LTIIPs in place. The investments in LTIIPs, especially those EDCs that have committed significant capital amounts, have appeared to help those EDCs to maintain or improve reliability.<sup>9</sup> The Commission has taken action to ensure EDCs are maximizing the opportunity with their LTIIPs, as more investment appears to be needed to upgrade and replace aging infrastructure and to storm-harden facilities to mitigate the impact of severe storms.<sup>10</sup>

If the LTIIPs and other measures taken by the EDCs do not improve reliability performance, the Commission will consider further steps to address performance. As noted above, Commission Staff is meeting with EDCs in October to discuss what measures can be taken to drive reliability improvements. This may include voluntary actions taken by EDCs, Commission directives via order, promulgating additional regulations, or referral of noncompliant the Commission enforcement division.

In closing, the Commission wishes to note its commitment to ensuring safe and reliable electric service. Such commitment is a key responsibility of the Commission as a quality of service and economic regulator. We are happy to present testimony on this important issue, and here to assist the Committee with any inquiries it may have to facilitate deliberations.

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<sup>8</sup> See 66 Pa. C.S. § 1353.

<sup>9</sup> See the May 5, 2016 Order for the periodic review of PPL Electric Company's LTIIP at Docket No. M-2015-2505631, available here: <http://www.puc.pa.gov/pcdocs/1437869.docx>. Also see the Aug. 23, 2018 Order for the periodic review of PECO Energy Company's LTIIP at Docket No. M-2018-3000950, available here: <http://www.puc.pa.gov/pcdocs/1582371.docx>.

<sup>10</sup> See the Sep. 20, 2018 Order for the periodic review of the FirstEnergy Companies' (Metropolitan Edison Company, Pennsylvania Electric Company, Pennsylvania Power Company, and West Penn Power Company) LTIIPs at Docket No. M-2018-3000943, available here: <http://www.puc.pa.gov/pcdocs/1586388.docx>.