

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Proposed Rule 4 CSR 240-23.010)
Establishing Reliability Standards for Investor-)
Owned Electrical Corporations.)
Case No. EX-2008-0230

**COMMENTS OF AQUILA INC D/B/A AQUILA NETWORKS-MPS AND
AQUILA NETWORKS-L&P**

COMES NOW Aquila Inc d/b/a Aquila Networks- MPS and Aquila Networks –
L&P (Aquila or Company), and for its Comments on the Missouri Public Service
Commission’s (Commission) proposed Rule 4 CSR 240-23.010, states as follows:

BACKGROUND

1. The Notice of Proposed Rulemaking published in the *Missouri Register* respecting this proposed rule required that comments be filed on or before March 17, 2008, and set a rulemaking hearing to occur on March 26, 2008. These Comments are filed in response to that Notice.

2. The purpose of this rulemaking proceeding is considering adoption of rule 4 CSR 240-23.010 Electrical Corporation System Reliability Monitoring and Reporting Submission Requirements (Reliability Rule). Aquila does not propose that any substantive changes be made to the Reliability Rule that was published as a proposed rule in the Missouri Register in February, 2008. The regulatory process that resulted in this draft of the rule yielded a reasonable product.

3. Aquila believes the rule, as drafted, must strike an appropriate balance between supporting and improving, where possible, the quality of the service that is provided and the real costs associated with the specific requirements of the rule at issue. The Company believes the Commission’s rule as approved by the majority, has

appropriately achieved that balance and it should therefore be adopted, as proposed. Measuring change in reliability metrics over time instead of comparing metrics to other utility companies is much more beneficial. Each utility is comprised of different types of service territory “i.e. rural vs urban,” which creates some differences in the reliability metrics.

4. Aquila believes the draft version of the rule attached to Commissioner Clayton’s dissent advocates a policy that would not significantly advance the Commission goal of improving reliability. Indeed, any increase in reliability that the Dissent’s draft rule might offer would come at a very high cost to Missouri ratepayers.

Summary

5. The Reliability Rule that is the subject of this proceeding includes many requirements designed to track and improve service reliability. The basic principles at work in this rule are the need to consistently calculate and track reliability metrics, identify areas where reliability is suffering, implement programs to improve reliability, and regularly track and report these activities to the Commission.

A summary of the major provisions of this rule:

- Monthly calculation and accumulation of SAIFI, CAIFI, SAIDI and CAIDI reliability metrics for all Missouri retail electric customers.
 - This provides for monthly tracking of both frequency and duration of outages on both a system average and a customer average basis.
- Annual reporting of monthly SAIFI, CAIFI, SAIDI and CAIDI reliability metrics in both tabular and graphical format.
- Annual reporting of monthly SAIFI, CAIFI, SAIDI and CAIDI reliability metrics adjusted to exclude major storm events and unadjusted with all major storm events included.
- Calculation of adjusted SAIFI, CAIFI, SAIDI and CAIDI reliability metrics according to a national standard (IEEE 1366-2003).

- Commission accumulation and public disclosure of monthly SAIFI, CAIFI, SAIDI and CAIDI reliability metrics for all Missouri retail electric customers.
- Identification, analyzing, and reporting the top 5% worst performing circuits annually. This ranking shall be established on system average frequency of interruption statistics for each circuit adjusted to exclude major storms per IEEE 1366-2003. System average duration of interruption statistics for each circuit shall also be reported for each of these worst performing circuits.
- For each worst performing circuit, annual reporting of actions taken, or planned, to improve the performance of the circuit.
- If a circuit is identified in the top 5% worst performing circuits for any 2 of 3 most recent consecutive calendar years, the electric corporation shall include detailed plans and schedules for improving the performance of that circuit.
- Annual reporting to the Commission Staff of all programs for the upcoming calendar year designed to maintain or improve service reliability. This report is based on operating areas if the utility is divided in this manner and shall include the funding level and status of each of these programs.
- Undergrounding of all new residential subdivision (lots < 0.5 acres) distribution facilities where reasonable and consistent with utility easements and applicable law.

6. Aquila recognizes that the Dissent's version of the rule is motivated by a desire to improve the reliability of electric service. Under the Dissent's version costs incurred would likely be so high as to be burdensome for Missouri customers to pay. Aquila believes the overall reliability of service to Missouri's electric utility customers will improve over the next few years because of the rules the Commission recently established in Case Nos. EX-2007-0231 (Infrastructure Inspection rules) and EX-2007-0232 (Vegetation Management rules).

7. In closing, Aquila's position is that the reliability rule, as drafted and proposed by the majority of Commissioners in this rulemaking proceeding is an

appropriate rule that will provide the Commission as well as the public with the necessary information to properly discharge the Commission's oversight duties with respect to ensuring that Missouri's electric utilities provide safe and adequate service with an appropriate level of reliability.