



FILED
March 17, 2008
Data Center
Missouri Public
Service Commission

Missouri Energy Development Association

326 East Capitol Avenue • Jefferson City, MO 65101 • (573) 634-8678 • Fax (573) 634-4691

Ameren

Aquila

March 17, 2008

Atmos Energy
Corporation

Empire District
Electric Company

Great Plains Energy
(KC Power & Light)

The Laclede
Group, Inc.

Missouri
American Water

Missouri
Gas Energy

Colleen M. Dale
Secretary of the Commission
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102

**RE: EX-2008-0230, Rule 4 CSR 240-23.010, Electrical Utility System Reliability
Monitoring and Reporting Submission Requirements (*Missouri Register*
Proposed Rule References Case No. EX-2007-0230)**

Dear Cully:

Please find Missouri Energy Development Association's comments in response to the Notice of Proposed Rulemaking published in the Missouri Register on February 15, 2008. This rule implements rule **4 CSR 240-23.010, Electric Utility System Reliability Monitoring and Reporting Submission Requirements** and this rulemaking has been designated Case No. EX-2008-0230.

If you have any questions, please do not hesitate to call me at (573) 634-8678 or by e-mail at Warren@missourienergy.org.

Sincerely,

Warren T. Wood
President

Attachment

**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-)	Case No. EX-2008-0230
Owned Electrical Corporations)	

**COMMENTS OF THE MISSOURI ENERGY DEVELOPMENT
ASSOCIATION d/b/a MEDA**

March 17, 2008

COMES NOW the Missouri Energy Development Association d/b/a MEDA, and for its Comments in response to the Notice of Proposed Rulemaking published in the Missouri Register on February 15, 2008, states as follows:

As a result of the power outages associated with a series of severe wind and ice storms and general concerns regarding day-to-day service reliability, the Missouri Public Service Commission (Commission or PSC) has held public hearings, conducted investigations, initiated rulemaking, published draft rules, held rulemaking hearings and has previously adopted rules 4 CSR 240-23.020 **Electrical Corporation Infrastructure Standards (Infrastructure Rule)** in Case No. EX-2008-0231, and 4 CSR 240-23.030 **Electrical Corporation Vegetation Management Standards and Reporting Requirements (Vegetation Rule)** in Case No. EX-2008-0232.

This rulemaking proceeding is to consider adoption of rule 4 CSR 240-23.010 **Electric Utility System Reliability Monitoring and Reporting Submission Requirements (Reliability Rule)**. This rulemaking has been assigned Case No. EX-2008-0230. MEDA assumes that the Missouri Register reference to Case No. EX-2007-0230 regarding the published proposed rule is in error. MEDA does not propose that any substantive changes be made to the Reliability Rule that was published as a proposed rule in the Missouri Register on February 15, 2008. The regulatory process that resulted in this draft rule yielded a reasonable product.

The Commission has recently adopted an Infrastructure Rule and Vegetation Rule. These rules reasonably balance the cost of these programs against the likely service quality improvements they will yield. It is appropriate that the Commission adopt a reliability rule that provides for thorough monitoring of the main objective of these two previously adopted rules, which is maintaining or improving service reliability. It is also appropriate that the Commission require that electric corporations track their worst performing circuits and provide thorough reporting of what is being done to address these trouble spots.

MEDA's suggested changes to the proposed rule are not substantive. In addition to Kansas City Power and Light Company's comments and recommendations to clarify the language of the Reliability Rule, MEDA recommends that year 2010 in the first sentence of section (8) be revised to 2011. This paragraph refers to 3 consecutive years of data and this data will not now be available until 2011.

MEDA does not believe that the Commission should adopt reliability performance metric standards. Missouri's investor-owned electric utilities are currently investing many millions of dollars implementing more aggressive infrastructure inspection and maintenance and vegetation management programs across their service territories. The Commission has set clear ground rules for how vegetation management is to be conducted and how infrastructure is to be inspected and maintained.

What is not known is what the reasonably achievable reliability metrics should be for each of the electric utilities that will be subject to this Reliability Rule. Each of Missouri's electric utilities has different service area characteristics. Some are more metropolitan than others. Others have a high enough percentage of rural circuits that they begin to look like a cooperative utility provider. Some serve a large percentage of homes that have back lot routed distribution lines. Different utilities have varying percentages of customers served by distribution systems of differing ages. Tree densities vary between circuits and between utility service providers.

Any efforts to set a "one size fits all" benchmark may create goals that are too easy for some and nearly impossible for others. Any efforts to set reliability benchmarks should be conducted after the infrastructure inspection and maintenance and vegetation management rules recently adopted by the Commission have been given an opportunity to be fully implemented and the reliability improvements assessed. When these reliability benchmarks, if any, are set the Commission should consider utility-specific

past reliability metrics, trends in these metrics and set these benchmarks such that they are reasonably achievable and not overly sensitive to factors outside of the utility's control, such as storm outages.

In addition to current reliability monitoring, analysis and improvement investments, investor-owned electric utilities in Missouri will invest approximately \$230,000 to implement and approximately \$3.5 million annually to comply with the current version of this rule.

The Reliability Rule that is the subject of this proceeding includes many requirements designed to track and improve service reliability. At its core, the most 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 maintain or 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 events and unadjusted with all major 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 events per IEEE 1366-2003. System average duration of interruption statistics for each circuit shall also be reported for each of these worst performing circuits.
 - Number of worst performing circuits each investor-owned electric utility will be required to identify, analyze and report (total ~ 180): AmerenUE = 120, Aquila = 25, Empire = 12, and KCP&L = 23
- 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 shall be by operating area 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.
- In addition to current reliability monitoring, analysis and improvement investments, investor-owned electric utilities in Missouri will invest approximately \$230K to implement this rule and will invest approximately \$3.5 million annually to comply with this rule.

Attached to the proposed rule published in the Missouri Register was the **Opinion of Commissioner Robert M. Clayton III Concurring in Part and Dissenting in Part** (Dissent). Commissioner Clayton's Dissent included an alternate rule (Alternate Rule). This Alternate Rule includes a number of unrealistic provisions. These provisions include setting reliability metrics at the top 25th percentile in nationwide comparisons and requiring time-definite restoration of service following major storms.

While it may be laudable, it is not practical to set reliability metrics requirements at the top 25th percentile in nationwide comparisons. Such a standard ignores differences in Missouri's weather, customer densities, tree densities, easement widths, and the potential cost to achieve the top 25th percentile for all of the different required metrics. While such a standard may well be achievable in some areas, it may be extremely difficult and/or unreasonably expensive to achieve in others. Such a standard also incorrectly assumes that there are clear national or state standards with which to compare any specific utility's reliability statistics.

As noted earlier, any efforts to set reliability benchmarks should be conducted after the infrastructure inspection and maintenance and vegetation management rules recently adopted by the Commission have been given an opportunity to be fully implemented. When these reliability benchmarks, if any, are set the Commission should consider utility-specific past reliability metrics, trends in these metrics and set these benchmarks such that they are reasonably achievable and not overly sensitive to factors outside of the utility's control, such as storm outages.

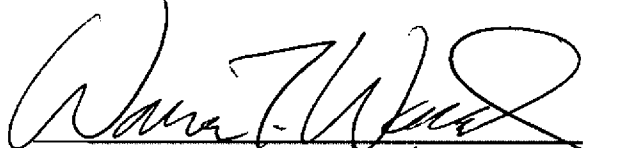
The Alternate Rule also includes a requirement that in response to major events, the electrical corporation shall restore service within 60 hours (2.5 days) of notification to not less than 90% of its customers. Again, while this may be a laudable goal, such a standard is not practical. The extraordinary storms that have impacted Missouri in recent years illustrate the problem with this sort of a standard. Numerous weather events with wind speeds or ice accumulations that exceeded design loads have caused extensive damage to systems that were not designed to withstand these loads even though they were designed in compliance with applicable design codes.

If a building is designed and built in compliance with building codes and is destroyed by an earthquake that applied forces beyond what the building was designed for and it collapses are the engineers and builders at fault? The same logic applies here. Utility efforts to restore service after major events are appropriately an area of great interest to the Commission. Efforts to punish a utility for exceeding an arbitrary deadline for restoration of service, if the utility has exercised a reasonable effort to restore service promptly, should however be resisted.

The proposed rule that is the subject of this rulemaking is the next logical step in terms of calculating and reporting of reliability metrics on an industry-wide basis for Missouri's electrical corporations. In the context of several different types of proceedings through the years, reliability metrics have been calculated and reported to the Commission's staff as requested. This process was sometimes handicapped by availability of consistently calculated and reported data. The rule proposed in this proceeding will address these limitations and should be given an opportunity to operate in conjunction with the two reliability related rules recently enacted.

MEDA appreciates the opportunity to provide comments in this rulemaking proceeding and hopes that these comments are helpful in formulating reasonable policy in this important area.

Missouri Energy Development Association
d/b/a MEDA


President 3/17/08