PROJECT NO. 37387

RULEMAKING TO AMEND P.U.C. SUBST. R. §25.52 RELATED TO RELIABILITY AND CONTINUITY OF SERVICE	**§ § § §**	**PUBLIC UTILITY COMMISSION OF TEXAS**

ORDER ADOPTING AMENDMENTS TO §25.52
AS APPROVED AT THE DECEMBER 17, 2009 OPEN MEETING

The Public Utility Commission of Texas (commission) adopts amendments to §25.52 relating to Reliability and Continuity of Service with changes to the proposed text as published in the October 23, 2009 issue of the *Texas Register* (34 TexReg 7279). The amendments will conform the rule to amendments the 81st Legislature made to the Public Utility Regulatory Act (PURA) §38.005. The amendments delete references to interim system-wide standards that are now obsolete, delete references to a utility's worst 10 percent performing feeders, and add an enforcement paragraph. These amendments are adopted under Project Number 37387.

The proposal for publication indicated that a public hearing would be held in this matter if requested. As no request for a hearing was received, none was held.

The commission received comments on the proposed amendments from Southwestern Public Service Company (SPS), CenterPoint Energy Houston Electric, LLC (CenterPoint), Oncor Electric Delivery Company, LLC (Oncor), Entergy Texas Inc. (Entergy), and AEP Texas Central Company, AEP Texas North Company, and Southwestern Electric Power Company (collectively, the "AEP Companies").

The commission received reply comments from CenterPoint and Oncor.

§*25.52(c)(2)(C)*

CenterPoint requested clarification or deletion of the proposed changes to §25.52(c)(2)(C) that amends the definition for "Outside Causes." CenterPoint stated it is concerned that the proposed change would create an ambiguous situation in which an outage qualifies as both a forced or scheduled outage and an "outside causes" outage, and that this could lead to double reporting of a single outage.

In reply comments, Oncor said it supports CenterPoint's position on this issue.

Commission response

The commission agrees with CenterPoint and Oncor that the proposed amendments to the definition of "Outside Causes" should be deleted, and has removed that language from the final rule. The language at issue is not required by the changes made to the Public Utility Regulatory Act (PURA) §38.005 by the 81st Legislature and is not necessary for clarification purposes.

§*25.52(f)*

SPS said it supports the commission's proposed modifications, but suggested one point of clarification. SPS requested that the rule require utilities to report the reliability indices based on the Institute of Electrical and Electronics Engineers (IEEE) standard 1366-2003. SPS believes that by using this standard of reporting, each utility's reliability indices would be more comparable.

Oncor replied that there is no evidence that all utilities use the IEEE standard, and that referencing a specific standard in the rule would make it impossible to move to a different or revised standard without having to use the rulemaking process.

In reply comments, CenterPoint stated that it does not agree with SPS' recommendation because the IEEE standard utilizes a more complex calculation of major event days that is based on the standard deviation of the major event day relative to other days. CenterPoint said that it does not believe that the IEEE standard would be any more effective than the current method, and that the IEEE standard would result in differences that skew comparability. CenterPoint noted that it is not aware of any problems with the current data reporting that would require making any changes.

Commission Response

The commission declines to adopt the IEEE standard of reporting requested by SPS. The primary purpose of the reporting requirements is to allow the commission to review the performance of each utility individually and not to compare one utility to another. The reporting therefore needs to be consistent within each utility. The commission believes adopting a specific standard such as the IEEE standard would create unnecessary inflexibility in the rule, which currently allows the standard to be adjusted by the commission, if appropriate, for weather or improvements in data acquisition systems. Furthermore, adopting the IEEE standard could unnecessarily burden the commission and utilities by requiring future rule amendments if the IEEE standard proves unworkable for

some utilities or is later revised. The commission is satisfied with the current rule standards, and believes that requiring all utilities to meet the IEEE standard would not be beneficial.

AEP Companies stated that they generally agree with the proposed amendments, but proposed one addition to the rule. AEP Companies said, given that the statutory amendments to PURA §38.005 went into effect on June 19, 2009, they believe it is proper to provide that the non-applicability of the 10 percent feeder standard change should be made effective for the full 2009 calendar year. AEP proposed that §25.52(f)(2) be amended to say, "The Commission will evaluate the performance of the distribution feeders with ten or more customers after each reporting year effective January 1, 2009."

In reply comments, CenterPoint and Oncor stated that they agree with AEP Companies proposal.

Commission Response

The commission declines to adopt the language proposed by AEP Companies because the language is unnecessary and could cause confusion. Amendments to PURA §38.005 took effect in June 2009. Among the amendments, the legislature removed a requirement that "[t]he commission shall take appropriate enforcement action . . . against a utility if any feeder with 10 or more customers appears on the utility's list of worst 10 percent performing feeders for any two consecutive years . . ." Pursuant to §25.52(f), reliability standards are reported by each utility based on a "reporting year," which is the 12-month period beginning January 1 of each year. Because PURA §38.005 was amended in the

middle of reporting year 2009, the commission is not required to enforce and will not enforce the worst 10 percent performing feeders provision for reporting year 2009. As a result, the commission finds it unnecessary to adopt AEP Companies' proposed amendment. The commission also declines to adopt the proposed amendment because the amendment could cause confusion about enforcement of provisions under the prior statute and rule. The commission notes that it may enforce all provisions of the prior statute and rule, including the worst 10 percent performing feeders provision, for reporting years prior to 2009. In addition, the commission may continue to require utilities to report data about their worst 10 percent performing feeders as part of the commission's oversight function and as necessary to compile agency reports.

All comments, including any not specifically referenced herein, were fully considered by the commission. In adopting this section, the commission makes other minor modifications for the purpose of clarifying its intent.

These amendments are adopted under the Public Utility Regulatory Act, Texas Utilities Code Annotated §14.002 (Vernon 2007 and Supp. 2009) (PURA), which provides the commission with the authority to make and enforce rules reasonably required in the exercise of its powers and jurisdiction; and specifically, PURA §38.005, which requires that the commission to implement service quality and reliability standards relating to the delivery of electricity to retail customers.

Cross Reference to Statutes: Public Utility Regulatory Act §§14.002, 14.003, 14.052, 31.001, 32.001, 37.151, 38.001, 38.002, and 38.005.

§25.52. Reliability and Continuity of Service.

(a) **Application.** This section applies to all electric utilities as defined by the Public Utility Regulatory Act (PURA) §31.002(6) and all transmission and distribution utilities as defined by PURA §31.002(19). The term "utility" as used in this section shall mean an electric utility and a transmission and distribution utility.

(b) General.

(1) Every utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service within the shortest possible time.

(2) Each utility shall make reasonable provisions to manage emergencies resulting from failure of service, and each utility shall issue instructions to its employees covering procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of service.

(3) In the event of national emergency or local disaster resulting in disruption of normal service, the utility may, in the public interest, interrupt service to other customers to provide necessary service to civil defense or other emergency service entities on a temporary basis until normal service to these agencies can be restored.

(4) Each utility shall maintain adequately trained and experienced personnel throughout its service area so that the utility is able to fully and adequately comply with the service quality and reliability standards.

(5) With regard to system reliability, no utility shall neglect any local neighborhood or geographic area, including rural areas, communities of less than 1,000 persons, and low-income areas.

(c) **Definitions.** The following words and terms, when used in this section, shall have the following meanings unless the context clearly indicates otherwise.

(1) **Critical loads** — Loads for which electric service is considered crucial for the protection or maintenance of public safety; including but not limited to hospitals, police stations, fire stations, critical water and wastewater facilities, and customers with special in-house life-sustaining equipment.

(2) **Interruption classifications:**

(A) **Forced** — Interruptions, exclusive of major events, that result from conditions directly associated with a component requiring that it be taken out of service immediately, either automatically or manually, or an interruption caused by improper operation of equipment or human error.

(B) **Scheduled** — Interruptions, exclusive of major events, that result when a component is deliberately taken out of service at a selected time for purposes of construction, preventative maintenance, or repair. If it is possible to defer an interruption, the interruption is considered a scheduled interruption.

(C) **Outside causes** — Interruptions, exclusive of major events, that are caused by influences arising outside of the distribution system, such as generation, transmission, or substation outages.

(D) **Major events** — Interruptions that result from a catastrophic event that exceeds the design limits of the electric power system, such as an earthquake or an extreme storm. These events shall include situations where there is a loss of power to 10% or more of the customers in a region over a 24-hour period and with all customers not restored within 24 hours.

(3) **Interruption, momentary** — Single operation of an interrupting device which results in a voltage zero and the immediate restoration of voltage.

(4) **Interruption, sustained** — All interruptions not classified as momentary.

(5) **Interruption, significant** — An interruption of any classification lasting one hour or more and affecting the entire system, a major division of the system, a community, a critical load, or service to interruptible customers; and a scheduled interruption lasting more than four hours that affects customers that are not notified in advance. A significant interruption includes a loss of service to 20% or more of the system's customers, or 20,000 customers for utilities serving more than 200,000 customers. A significant interruption also includes interruptions adversely affecting a community such as interruptions of governmental agencies, military bases, universities and schools, major retail centers, and major employers.

(6) **Reliability indices**:

(A) **System Average Interruption Frequency Index (SAIFI)** — The average number of times that a customer's service is interrupted. SAIFI is calculated by summing the number of customers interrupted for each event and dividing by the total number of customers on the system being

indexed. A lower SAIFI value represents a higher level of service reliability.

(B) **System Average Interruption Duration Index (SAIDI)** — The average amount of time a customer's service is interrupted during the reporting period. SAIDI is calculated by summing the restoration time for each interruption event times the number of customers interrupted for each event, and dividing by the total number of customers. SAIDI is expressed in minutes or hours. A lower SAIDI value represents a higher level of service reliability.

(d) **Record of interruption.** Each utility shall keep complete records of sustained interruptions of all classifications. Where possible, each utility shall keep a complete record of all momentary interruptions. These records shall show the type of interruption, the cause for the interruption, the date and time of the interruption, the duration of the interruption, the number of customers interrupted, the substation identifier, and the transmission line or distribution feeder identifier. In cases of emergency interruptions, the remedy and steps taken to prevent recurrence shall also be recorded. Each utility shall retain records of interruptions for five years.

(e) **Notice of significant interruptions.**

(1) **Initial notice.** A utility shall notify the commission, in a method prescribed by the commission, as soon as reasonably possible after it has determined that a significant interruption has occurred. The initial notice shall include the general location of the significant interruption, the approximate number of customers

affected, the cause if known, the time of the event, and the estimated time of full restoration. The initial notice shall also include the name and telephone number of the utility contact person, and shall indicate whether local authorities and media are aware of the event. If the duration of the significant interruption is greater than 24 hours, the utility shall update this information daily and file a summary report.

(2) **Summary report.** Within five working days after the end of a significant interruption lasting more than 24 hours, the utility shall submit a summary report to the commission. The summary report shall include the date and time of the significant interruption; the date and time of full restoration; the cause of the interruption, the location, substation and feeder identifiers of all affected facilities; the total number of customers affected; the dates, times, and numbers of customers affected by partial or step restoration; and the total number of customer-minutes of the significant interruption (sum of the interruption durations times the number of customers affected).

(f) **System reliability.** Reliability standards shall apply to each utility, and shall be limited to the Texas jurisdiction. A "reporting year" is the 12-month period beginning January 1 and ending December 31 of each year.

(1) **System-wide standards.** The standards shall be unique to each utility based on the utility's performance, and may be adjusted by the commission if appropriate for weather or improvements in data acquisition systems. The standards will be the average of the utility’s performance from the later of reporting years 1998, 1999, and 2000 or the first three reporting years the utility is in operation.

(A) **SAIFI.** Each utility shall maintain and operate its electric distribution system so that its SAIFI value shall not exceed its system-wide SAIFI standard by more than 5.0%.

(B) **SAIDI.** Each utility shall maintain and operate its electric distribution system so that its SAIDI value shall not exceed its system-wide SAIDI standard by more than 5.0%.

(2) **Distribution feeder performance.** The commission will evaluate the performance of distribution feeders with ten or more customers after each reporting year. Each utility shall maintain and operate its distribution system so that no distribution feeder with ten or more customers sustains a SAIDI or SAIFI value for a reporting year that is more than 300% greater than the system average of all feeders during any two consecutive reporting years.

(3) **Enforcement.** The commission may take appropriate enforcement action, including action against a utility, if the system and feeder performance is not operated and maintained in accordance with this subsection. In determining the appropriate enforcement action, the commission shall consider:

(A) the feeder's operation and maintenance history;

(B) the cause of each interruption in the feeder's service;

(C) any action taken by a utility to address the feeder's performance;

(D) the estimated cost and benefit of remediating a feeder's performance; and

(E) any other relevant factor as determined by the commission.

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be a valid exercise of the agency's legal authority. It is therefore ordered by the Public Utility Commission of Texas that amendments to §25.52 relating to Reliability and Continuity of Service are hereby adopted with changes to the text as proposed.

ISSUED IN AUSTIN, TEXAS ON THE _____ DAY OF DECEMBER 2009.

PUBLIC UTILITY COMMISSION OF TEXAS

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BARRY T. SMITHERMAN, CHAIRMAN

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DONNA L. NELSON, COMMISSIONER

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KENNETH W. ANDERSON, JR., COMMISSIONER

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