

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on September 28, 1995

COMMISSIONERS PRESENT:

Harold A. Jerry, Jr., Chairman  
Lisa Rosenblum  
William D. Cotter  
John F. O'Mara

CASE 95-E-0165 - Proceeding on Motion of the Commission as to  
Proposed Changes to the Standards on Reliability  
of Electric Service filed in Case 90-E-1119

ORDER ADOPTING CHANGES TO STANDARDS ON  
RELIABILITY OF ELECTRIC SERVICE

(Issued and Effective October 12, 1995)

BY THE COMMISSION:

BACKGROUND

By order issued July 2, 1991, the Commission adopted standards on the reliability and quality of electric service. The standards adopted in 1991 use the System Average Interruption Frequency Index (SAIFI)<sup>1</sup> and the Customer Average Interruption Duration Index (CAIDI)<sup>2</sup> as the indices for (1) measuring frequency and duration of service interruptions in each operating area of each major New York State electric utility, and (2) identifying the worst-performing circuits in each operating area. The standards also excluded interruptions caused by major storms from the calculations.

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1 The number of times the average customer's service is interrupted in a year.

2 The average number of hours required to restore service to a customer whose service is interrupted.

For operating areas, unacceptable performance was defined to occur when either the SAIFI or the CAIDI index of an operating area fell below the Minimum Level values established in the standards. The standard stated that each company shall take measures necessary for each of its operating areas to meet a minimum "threshold" level of adequate service and to strive to attain a better Objective Level. Each of the levels were defined using SAIFI and CAIDI indices in the criteria.

The Commission's order contained provisions for staff to periodically recommend revisions to the actual numerical values for the SAIFI and CAIDI Objective and Minimum levels assigned to each operating area. Staff's initial method for setting the SAIFI and CAIDI values at Minimum and Objective Levels was to take the average of the best three out of five years to establish the Objective Level and the average of the worst three out of five years of the historical SAIFI and CAIDI indices to establish the Minimum Level. Staff adjusted the numbers after consideration of factors such as trends among indices, the average, high, and low values of multi-year indices, demographic, geographic, and load characteristics of an operating area, and the relative performance of an operating area in relation to other operating areas within a given utility's franchise area. Staff, during 1994, reviewed the propriety of the original indices and, as a result, proposed certain revisions. Earlier this year, we instituted a proceeding and solicited comments on the proposals from interested persons and organizations.

#### DISCUSSION

Staff's original determination of the 184 performance indices was based on five years of historical data (1985-1989). The five years of data, however, contained four years of data that may have had inconsistent elements that were included. This was due to the fact that in 1989 the Commission revised the rule specifying how electric service interruptions were to be recorded and reported. The new rule defined the criteria for major storms and partial power outages. This resulted in consistent

reporting, but may have altered the data used in determining the original indices. Staff now has five years of historical data that have been submitted in standard formats. Staff reviewed and analyzed all indices and believes that the vast majority continue to represent an appropriate measurement of reliability. Staff recommended changes where the indices were clearly inappropriate. The data suggest that 14 of the 184 indices be modified in order to become a more accurate measuring tool. Specifically, staff looked at the possible revisions in terms of indices that, over the latest five-year period, were either too easily achieved or rarely attained. If a standard is set at a level that is unreachable or, conversely, always attainable, the standard loses its value as a measurement index. Since these indices have often been used in various service quality incentive/penalty mechanisms, it is important that they represent values upon which incentives and/or penalties can be fairly assessed.

The proposed modification of indices affects five of the utilities with Long Island Lighting Company (LILCO) and Niagara Mohawk Power Corporation being unaffected. Of the changes proposed, 11 indices will become more stringent while three will become less stringent. The utility most affected is Orange and Rockland Utilities, Inc. (O&R), which will have five of its 12 indices made more stringent.

New York State Electric & Gas Corporation (NYSEG) is also requesting that it be allowed to submit combined service standards for its Lockport and Lancaster regions, as these divisions have been combined on a corporate wide basis. According to the company, the Lockport division, with 17,000 customers, has essentially become a satellite of the Lancaster division, with 135,000 customers. In a letter dated December 30, 1992, interim authorization for this change was granted by the former Power Division, pending formal Commission approval.

The proposed standards are shown below along with the existing standards.

COMPANY	REGION	INDEX	EXISTING	PROPOSED	TYPE
CHG&E	Newburgh	SAIFI	1.33	0.83	Obj.
Con Ed	Queens-R	CAIDI	1.45	0.89	Obj.
Con Ed	Queens-N	CAIDI	2.50	1.44	Obj.
Con Ed	Queens-N	CAIDI	3.00	2.75	Min.
NYSEG	Platts.	CAIDI	1.01	1.21	Obj.
NYSEG	Platts.	CAIDI	1.30	1.70	Min.
NYSEG	Platts.	SAIFI	2.75	2.25	Min.
NYSEG	Platts.	SAIFI	2.50	1.61	Obj.
O&R	Eastern	SAIFI	1.75	1.24	Obj.
O&R	Eastern	SAIFI	2.00	1.46	Min.
O&R	Central	SAIFI	2.00	1.42	Obj.
O&R	Central	SAIFI	2.50	1.70	Min.
O&R	Western	SAIFI	2.00	1.63	Obj.
RG&E	Lakeshore	SAIFI	2.20	3.00	Min.

N - Network  
R - Radial

#### COMMENTS

Comments on the proposed changes were received from Central Hudson Gas & Electric Corporation (CHG&E), Consolidated Edison Company of NY, Inc. (Con Ed), LILCO, NYSEG, and O&R.

#### CHG&E

CHG&E's comments were limited to a statement that the company is in full agreement with the proposed changes.

#### CON ED

In its response, Con Ed raised several objections to the proposed revisions, based in part on a typographical error in staff's memorandum containing the proposed revisions. The revision to the Queens Radial CAIDI standard was listed as Minimum when in reality it should have been Objective. In addition, the existing standard listed for this category should

have been 1.45. Analysis of Con Ed's past performance in this area reveals that resetting the Objective level as prescribed is not "manifestly unfair and entirely unjustified" (Con Ed's comments, pg.13), but provides the company with a logical goal for which to strive, which it has proven that it can achieve with regularity. With respect to the comments on the changes to the Queens Network, the five year period ending 1993 was utilized to calculate the proposed revisions. Con Ed has inferred that 1994 data was deliberately excluded to "normalize" the data. This information was not available at the time the staff proposal was developed, or it most certainly would have been included in the calculations. Inclusion of 1994 data in the calculation of the Queens Network Objective CAIDI standard will not result in a change to the original proposed value of 1.44, and this proposal generated no specific comments from the company. In addition, after discussions with Con Ed, it was determined that the Queens Network Minimum CAIDI would be reset to 2.75 to more accurately reflect past performance.

Con Ed argued that staff was ratcheting the standards, intending to, in the company's words, "raise the bar" when any discernable improvements are made in service reliability (Con Ed's comments, pg. 10). This is a wholly inaccurate assessment. As stated in the order instituting the proceeding and soliciting comments, in order for the service standards to remain a viable tool in measuring utility performance in this area, periodic review and adjustment are necessary. The standards will be rendered irrelevant if Con Ed continues to perform far better than the original indices, as it has done for the past several years in the operating areas where changes were recommended. Staff acknowledges Con Ed's past performance in these areas, and is confident that it can maintain these levels.

LILCO

LILCO's comments were limited to a suggestion that any future proposals to modify the reliability indices be based on no less than five years of operating data, which is consistent with staff's methodology.

NYSEG

NYSEG agreed with staff's proposal for modifications and, in addition, proposed to change the Minimum CAIDI for the Plattsburgh region from 1.30 to 1.54. The company advanced several arguments in support of its request, citing major improvements to the transmission system since the standards were established and the fact that this region's CAIDI standards are the most stringent of all NYSEG's regions, in spite of factors that contribute to a severe operating environment. On the basis of these factors and of further input from the company, all the indices in this region will be revised to account for system improvements and to accurately reflect past performance in light of these improvements. The additional changes are as follows: Objective CAIDI standard from 1.01 to 1.21, Minimum CAIDI standard from 1.30 to 1.70, and Minimum SAIFI standard from 2.75 to 2.25. The company has expressed its agreement with these additional revisions.

Regarding the company's request to combine its service standards in the Lockport and Lancaster divisions, we approve this revision in NYSEG's reporting procedures. The change results in the following standards for the Lancaster Division:

	<u>Objective</u>	<u>Minimum</u>
SAIFI	0.96	1.31
CAIDI	1.48	1.71

O&R

O&R accepted the proposed modifications because it believes that the new standards more accurately reflect the level of service reliability presently being delivered to its customers. However, the company objected to the statement in the staff memorandum that a change in the method of recording data is responsible for the improvement in O&R's SAIFI performance. It

pointed out that, in response to a Commission audit, O&R initiated a significant effort aimed at improving service reliability. This program included tree trimming, installation of sectionalizers, increased circuit inspection, and various capital improvements. The statement in the memorandum was not intended to imply that the sole reason for improvement in O&R's SAIFI was the change in reporting methods, only that this was a contributing factor, also acknowledged by O&R. We recognize O&R's programs and the positive effect they have had on service reliability.

The Commission Orders:

1. The modifications to the Standards on Reliability of Electric Service set forth herein are adopted.
2. This proceeding is continued.

By the Commission,

(Signed)

John C. Crary  
Secretary