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Pepco officials on PSC hot seat

Utility admits to service interruption failures

by Margie Hyslop | Staff Writer

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Pepco's record on service interruptions to its customers has been below the median for utilities nationwide for several years, its executive said under questioning from the Maryland Public Service Commission on Tuesday.

And for the past two years, Pepco has been in the bottom 50 percent or 25 percent of that performance measure, said Bill Gausman, Pepco's senior vice president for asset management and planning.

"We strive to move toward the first or second quartile," he said.

Pepco officials spoke at a public hearing Tuesday called by the PSC after state and local officials requested for an investigation following the latest series of power outages during summer storms. A number of Montgomery County officials attended the hearing in Baltimore, including eight of the nine County Council members. Councilman Michael J. Knapp (D-Dist. 2) of Germantown did not attend because he was away on a family vacation.

Hundreds of thousands of Pepco customers in Montgomery and Prince George's counties lost power for up to five days during the two February snowstorms and three severe summer storms since July 25.

During the hearing, Gausman said Pepco is closer to the industry average on the duration of its outages.

Commission Chairman Douglas R.M. Nazarian asked, "When would you expect to get above average performance?"

"I would like to say it's probably a four-year program," Gausman replied.

"Why is it acceptable to have acceptable performance in four years?" Nazarian responded.

Pepco is prepared to accelerate some improvements, David Velazquez, executive vice president of power delivery, told the five commissioners.

A recently approved rate hike will help pay for those, including more aggressive tree trimming to curb falling trees and limbs that Pepco says causes most of its outages.

But getting property owners to allow them to trim as far as they must to clear the lines and not endanger the tree, as state foresters require, can be difficult, Pepco executives said.

In March, Pepco told the PSC it would take about 10 years to catch up on its four-year tree trimming maintenance program.

On Tuesday, officials said the rate increase would help, but they still would not catch up for several years.

Meanwhile, the utility is spending more to increase efficiency on its worst-performing power feeders, including burying some lines underground, and has gotten a 50 to 60 percent improvement in their performance, Gausman said.

But a review by The Gazette of the utility's own reports to the PSC show as many as 1 percent of the utility's feeders have outage frequency or outage duration measures that are at least five times Pepco's own subpar system average.

According to reports filed with the PSC, a key reliability measurement, the System Average Interruption Frequency Index, was about 61 percent higher for Pepco in 2009 than for Baltimore Gas and Electric Co. and more than 100 percent higher than for Allegheny Power in Maryland.

That index, which measures the average number of outages per customer, was 2.06 for Pepco in Maryland, 1.28 for BGE and less than 1 for Allegheny.

In 2008, the index, known as SAIFI, was 2.85, or 2.26 per customer for Pepco depending on whether major event outages were included.

For BGE, the index was 1.83 or 1.68, and for Allegheny, it was 1.33 or 1.16.

While there is no national or Maryland SAIFI standard, a U.S. Department of Energy-funded study published in 2008 by Earnest Orlando Lawrence Berkley National Laboratory found an average SAIFI of 1.54 or 1.31 in 2006 for electric utilities in the United States that reported data.

The same study found SAIFI averages of 1.94 or 1.5 for utilities in the South Atlantic region, which includes Maryland, and 1.54 or 1.13 for the mid-Atlantic region to the north.

Regarding the recent storms, Mike Sullivan, Pepco's senior vice president of operations, said, "We are not terribly disappointed in our response," although perhaps Pepco could have added more crew leaders and assessment staff earlier.

Pepco region President Thomas Graham said the utility could have worked with local governments earlier to take advantage of the services they offered.

But Graham and Sullivan said they were not sure they could have brought in much more help without those assisting getting in each other's way.

"We had all the crews we could handle," Sullivan said.

"There's a bigger issue here than just storm events," Commissioner Susanne Brogan said, pointing to the utility's high outage rate in normal conditions.

Pepco has admitted failures in informing the public and estimating when their power would be restored.

Del. Brian J. Feldman (D-Dist. 15) of Potomac said Monday that he will offer legislation, drafted with the help of Montgomery County Councilman Roger Berliner (D-Dist. 1) of Potomac, that would require the PSC to establish reliability standards by 2012 and would reduce utilities' profits incrementally for failing to meet those standards.

The PSC requires electric utilities to report outage data, including the average number and duration of outages per customer, but does not set standards or prescribe penalties.

Pepco is poised to accelerate its efforts, but "what is the standard to be?" Berliner said during a break in the hearing Tuesday. "I think they need to aim higher, and we need to hold them to a higher standard."

A public hearing in Rockville will be held at the end of the month for county residents to air their complaints to the PSC. A time and date could not be confirmed by deadline.