

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Advance Notice of Proposed Rulemaking : Docket No. L-2008-2044821  
For Revision of 52 Pa. Code Chapter 57 :  
pertaining to Adding Neutral Connection :  
Inspection and Maintenance Standards :  
for the Electric Distribution Companies :

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Reply Comments of  
The Energy Association of Pennsylvania

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Date: November 7, 2008

**REPLY COMMENTS OF  
THE ENERGY ASSOCIATION OF PENNSYLVANIA**

**I. INTRODUCTION**

The Energy Association of Pennsylvania<sup>1</sup> (EAPA) on behalf of its electric member companies submits reply comments on the Advance Notice of Proposed Rulemaking for Revision of 52 Pa. Code Chapter 57 pertaining to adding Neutral Connection Inspection and Maintenance Standards, Docket No. L-2008-204482. Specifically, the EAPA responds to the comments filed by the Office of Consumer Advocate (OCA).

On May 22, 2008, the Commission entered a Final Rulemaking Order at L-00040167 which promulgated regulations at 52 Pa. Code §57.198, establishing inspection, maintenance, repair and replacement standards for electric distribution companies (EDCs). The Final Rulemaking Order improved the Commission's ability to monitor EDCs' service reliability and safety through biennial inspections, maintenance, repair and replacement plans that conform to Section 57.198(n).

Subsequently, after receiving two complaints regarding consumer appliance damage, the Commission sought comments on the subject of specific inspection and maintenance standards regarding neutral connections. The Commission has embarked on a new rulemaking proceeding to consider standards for the inspection, maintenance and repair of neutral connections.

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<sup>1</sup> Electric distribution company members supporting these comments include: Allegheny Power, Citizens' Electric Company, Duquesne Light Company, Metropolitan Edison Company *A FirstEnergy Company*, PECO Energy Company, Pennsylvania Electric Company *A FirstEnergy Company*, Pennsylvania Power Company *A FirstEnergy Company*, Pike County Light and Power Company, PPL Electric Utilities, UGI Utilities, Inc. – Electric Division and Wellsboro Electric Company

Interested parties were invited to submit written comments in response to the Commission's fifteen questions concerning inspection and maintenance of neutral connections by October 8, 2008, to which the EAPA filed comments.

The EAPA comments contend that the proceeding was based on three fundamentally flawed premises: namely, (1) that inspection of neutral connections can be performed visually; (2) easily; and, (3) at minimal expense. Neutral connections fail at such a low rate and affect such a small segment of EDCs' customers that establishing inspection and maintenance standards is unreasonable and unnecessary. Further, requiring a specific inspection and/or replacement program would be costly -- yet with no increase in reliability. A neutral connector rarely fails as illustrated by all of the individual EDCs' comments submitted in this docket.

*"This situation is best explained using a light bulb analogy. One can turn on a lamp today and conclude that the bulb in the lamp is good. An inspection of the bulb does not prevent it from burning out an hour or a week later. There is little to be gained from inspecting the operation of all of the bulbs in one's home today with the intent of having all the lights operational 60 days in the future."*

**(FirstEnergy Comments, Page 6)**

Therefore, since failure rates for neutral connectors are limited, where further the cost of review is expensive, and finally where an inspection does not provide any measurable benefit, no action is necessary.

## **II. SPECIFIC REPLY COMMENTS**

The Energy Association of Pennsylvania appreciates the opportunity to provide reply comments on behalf of its electric distribution company members; and, more specifically, address the comments filed by the Office of Consumer Advocate in this proceeding.

EAPA and its members, in its earlier comments, provided a cost benefit analysis demonstrating that no additional standards are necessary. Furthermore, it was demonstrated that that new standards and would do nothing to improve reliability. As the Office of Consumer

Advocate (OCA) stated in its introduction, “the EDCs’ input will be invaluable in determining what the prudent, cost-effective response will be to the safety and reliability concerns raised by the Commission.”

The OCA contends the Commission should not establish standards for inspection, maintenance, repair, and replacement of neutral connections without knowing the extent of neutral connections failures, or the extent that such failures present a safety and reliability risk to customers and the cost to replace neutral connections when very few failures occur. OCA Comments, p. 2.

The Association will respond to the OCA’s concern by noting the comments of a small EDC, Citizens’ Electric Company, which said that any inspections in this area would lead to an increased workforce of 20%. Citizens’ Electric Company Comments, p. 5.

Citizens’ artfully stated the costs and inconveniences to the customer when they set forth the following:

**“... during the installation and removal of meters, a small number of meter bases fail. It is likely that during the installation and removal of meters and test equipment required during a neutral test, a nominal number of meter bases will fail. Meter bases are customer-owned equipment and any repair or replacement would be the responsibility of the customer. These unplanned failures will result in significant inconvenience and expense to customers who must unexpectedly secure an electrician to make repairs.”**

**(Citizens’ Electric Company Comments, p. 5)**

As stated previously by EAPA and its member companies no additional standards are necessary and, if adopted, would do nothing to improve reliability. The primary reasons for this position, that no additional standards are necessary are: (1) only two formal complaints have been received, compared to the vast number of customer/neutral connections; (2) the high cost to implement a neutral testing or replacement program without any demonstrable benefit to improving reliability for the customers; and, (3) the Commission already has authority to regulate voltage standards.

A bad neutral connection failure is a very rare event and often not observable to the naked eye even on a close inspection. Visual inspections will not provide sufficient information. An actual test of the wire and connections would be required using specialized equipment to test integrity of the connections which is costly for results obtained. Finally, the neutral connector could fail at any time, even an hour after the aforementioned test.

Attempting to schedule a routine testing or replacement of millions of connections would be an extremely labor intensive endeavor based on the sheer number of neutral connections of all 5,065,000 residential customers plus the small commercial accounts where most customers have two, and in many cases three, neutral connections.

To accomplish a testing program for residential and small commercial customers which would comply with a neutral connection inspection and maintenance program on a five-year interval basis would result in \$87.4 million of additional annual costs for Pennsylvania's electric distribution companies (EDCs). OCA correctly notes its concern about unnecessary costs being borne by ratepayers. OCA Comments, p. 1.

EDCs are concerned with one important customer complication resulting from a testing program if implemented. When complications are found on customer's side of the service, consumers will be compelled to spend money in an expedited time frame and have their service down for a time. If the Commission adopts expensive rules in this area, it is also forcing the industry at times to make a determination that the customer's equipment is unsafe and the EDC would have to shut off the service, possibly in extreme weather (cold or warm) resulting in customers having to spend more money for expedited service from electricians and electrical inspectors to get their service restored. What if this happens at the end of a day?

While the OCA also supports automatic civil penalties for EDCs' failure to meet relevant reliability performance, they are not willing to install such penalties if data does not support inspections. OCA Comments, p. 4.

The OCA's caution is mirrored in the comments by the industry.

The EDCs all reiterated that there are few, if any, neutral connector failures. PECO Energy stated that there were minimal failures in PECO's service territory. PECO Energy Comments, p. 6. PPL Electric estimates neutral connection failures to affect less than three one-hundredths of one percent of customers annually, of which only a fraction result in customer property damage. PPL Electric Comments, pp. 10-11. Wellsboro Electric states it has minimal data on neutral connectors' failure and what information it does have on failures is related to the meter socket which is owned and maintained by the customer. Wellsboro Electric Comments, p. 3. Duquesne Light Company pointed out that problems with neutral connectors are typically found through investigations by company personnel in response to customer-initiated inquiries or reports of trouble and are fixed promptly. Duquesne Light Comments, p. 2. See also, Allegheny Power Comments, p. 4.

EAPA and its members suggest that this Commission has repeatedly reiterated its support for greater reliability and, by its own decisions, aggressively changed what is considered acceptable for purposes of reliability in its reliability regulations<sup>2</sup>. The rolling twelve month reliability indices are provided each quarter on SAIFI, CAIDI, SAIDI and, if available, MAIFI, which are the prime indicators on meeting the reliability benchmarks. The Commission now receives significantly greater levels of data on a more frequent basis solely for the purposes of monitoring reliability. Having been given the goal and the measures, the EDCs should be

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<sup>2</sup> See *Rulemaking Re Amending Electric Service Reliability Regulations at 52 Pa. Code Chapter 57*, Docket No. L-00030161 (Final Order entered May 20, 2004.)

permitted to undertake the “how-to”, especially in light of further measures destined to arrive from both FERC and NERC.

There is no need for automatic civil penalties. Such penalties have process deficiencies. As events such as hurricanes and September 11 demonstrate, there are uncontrollable factors that impact reliability through interruption of service in the supply of distribution system parts, substation replacement parts, and the like. Major catastrophes can interrupt the supply of necessary parts by impacting where parts are manufactured or the ability to transport the necessary parts via railroad or competing demands for limited critical inventory. Therefore, emergency events outside the control of Pennsylvania’s EDCs should be reason enough for elimination of any consideration of automatic penalties.

If an EDC is not meeting its reliability indices, this Commission already has authority to levy a penalty.

### **III. Summary**

No inspection, maintenance, repair or replacement standards are reasonable, necessary or practical for neutral connections. There is nothing to indicate that large numbers of households and businesses have experienced unreasonable damage as a result of interruption of neutral connections. In fact, evidence from all of the EDCs shows that this is not a problem. Companies respond quickly when customers report voltage problems, and when bad neutral connections are found, the vast majority are fixed without any adverse affects on the customers.

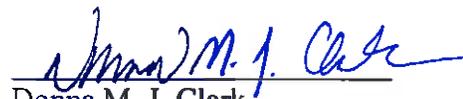
Replacing neutral connections that have a lot of service life in them based on a small number of failures, would do nothing to improve reliability. All ratepayers will pay an unreasonable high price for this type of work, without any assurance that it will offer better reliability or prevent neutral connection-related problems from occurring.

The EDCs are responsible for delivering service to consumers of adequate quality under 52 Pa. Code § 57.14. The OCA has no support for its position as it relates to automatic penalties.

For all those reasons, the EAPA and its members request the Commission close this proceeding.

Respectfully Submitted,

  
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