



CITIZENS' ELECTRIC COMPANY

1775 INDUSTRIAL BLVD • P.O. BOX 551 • LEWISBURG, PA 17837-0551 • (570) 524-2231 • FAX: (570) 524-5887

April 28, 2011

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

L-00030161

Ms. Rosemary Chiavetta
Pennsylvania Public Utility Commission
PO Box 3265
Harrisburg, PA 17105-3265

Dear Secretary Chiavetta,

Enclosed please find an original and six copies of the 2010 Annual Reliability Report for Citizens' Electric Company.

Please contact me at 570-522-6143 or kelchnerj@citizenselectric.com if I can answer any questions.

Sincerely,

A handwritten signature in black ink that reads "John A. Kelchner". The signature is fluid and cursive, with a long horizontal stroke at the end.

John A. Kelchner, PE
Vice President of Engineering & Operations

cc: Pennsylvania Office of Consumer Advocate
Pennsylvania Office of Small Business Advocate
Darren Gill (via email)

Citizens' Electric Company
Annual Electric Service Reliability Report
2010

Prepared by John A. Kelchner, PE
Vice President of Engineering & Operations
570-522-6143
kelchnerj@citizenselectric.com
04/28/2011

§ 57.195(b)(1) An overall current assessment of the state of the system reliability in the EDC's service territory including a discussion of the EDC's current programs and procedures for providing reliable electric service.

Citizens' Electric's 2010 reliability statistics remained consistent with the Company's 2009 numbers. The SAIFI value decreased slightly while the SAIDI and CAIDI numbers had slight increases. The Company experienced two Major Events during the year, equal to the number experienced in 2009.

During 2010, the Company successfully implemented new capabilities for its Outage Management System (OMS). This included the addition of outage graphics software which provides dispatchers with real-time geographic depiction of outages affecting the Company's distribution system. Combined with the AMI-based outage verification software deployed in 2009, this information helps dispatchers assess outages quickly and assists in the efficient deployment of crews.

The Company also continued efforts to make information available to its customers via online sources. Outage information, including the number of affected customers by geographic area, and a graphical representation of outage quantities, is now available to all stakeholders via the Company's website. The site also provides a tool for the Company to communicate other information such as projected storm restoration times.

To further enhance customer communications, the Company conducted an outreach to collect email addresses from its customers during 2010. By enabling recently upgraded OMS capabilities, this information will be used to provide outage status updates directly to affected customers who choose to receive them.

Citizens' Electric was again recognized in 2010 as a "Tree Line USA" utility. This award from the National Arbor Day Foundation recognizes Citizens' for using nationally approved trimming techniques and procedures in its vegetation management program.

Citizens' Electric does not own or maintain any transmission facilities.

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Current Maintenance Programs

Program	Description	Cycle
Infrared Inspection	All substation equipment biennially, and 1/3 of all overhead lines each year.	3 years
Vegetation Management	Each year, all primary lines are visually inspected. This comprehensive field inspection allows us to identify areas that require trimming. We maintain a 4-year trimming cycle, but all areas are inspected annually to help identify unexpected "hot spots." All areas needing attention are trimmed by the end of the 3 rd quarter.	Annual
Visual Line Inspection	All distribution lines and pole hardware are visually inspected during preparation of tree trimming contract. Line sections receiving infrared inspection are also inspected visually during that process.	Annual
Padmount Equipment Inspection	Padmounted equipment is visually inspected to identify and correct any developing problems or safety concerns.	4 Years
3Ø Padmount Transformer Oil Test	Insulating oil is tested from every 3Ø padmounted transformer on our system, and all substation power transformers.	Annual
Line Equipment Inspection	All airswitches, circuit tie switches, capacitors, regulators, and reclosers are visually inspected. Where applicable, proper operation of control equipment is verified and counter readings are recorded.	Annual
Pole Inspection and Treatment	Poles are inspected and treated at the ground line. External and/or internal decay inhibitors are applied where appropriate.	10 Years
Danger & Reject Pole Replacements	Replace condemned poles identified during pole inspection.	As needed, annually
Substation Equipment Inspection	Entire station is visually inspected. Equipment batteries are tested, communications equipment operation is verified, fans are tested, various gauge and counter readings are recorded. An infrared inspection is performed on all equipment twice a year.	Monthly
Recloser Maintenance	Change oil, check and adjust mechanism, check contacts, test operation.	Manufacturer's Recommendations

§ 57.195(b)(2) A description of each major event that occurred during the year being reported on, including the time and duration of the event, the number of customers affected, the cause of the event and any modified procedures adopted to avoid or minimize the impact of similar events in the future.

Date	Time	Duration (Minutes)	Customers Affected	Cause
3/6/2010	8:41 AM	98	1,111	A single substation circuit locked out during calm weather. A comprehensive line patrol was conducted to locate any potential causes. No problems were identified. While no physical evidence was located, it is believed that a squirrel contact was the cause of this outage.
7/9/2010	11:08 PM	334	1,056	During a heavy rain, a suspension insulator failed causing interruption to a single substation circuit serving 1,056 customers. Crews were immediately dispatched and repairs commenced. The failed insulator had been visually inspected within the preceding 12 months with no evidence of imminent failure found.

§ 57.195(b)(3) A table showing the actual values of each of the reliability indices (SAIFI, CAIDI, SAIDI, and if available, MAIFI) for the EDC's service territory for each of the preceding 3 calendar years. The report shall include the data used in calculating the indices, namely the average number of customers served, the number of sustained customer minutes interruptions, the number of customers affected and the minutes of interruption. If MAIFI values are provided, the number of customer momentary interruptions shall also be reported.

Year	SAIFI	SAIDI	CAIDI	Avg # of Customers Served	# of Interruptions	# of Customers Interrupted	Customer Interruption Minutes
2010	0.19	18	98	6,813	54	1,262	124,028
2009	0.20	15	75	6,814	51	1,358	102,265
2008	0.26	17	64	6,791	62	1,776	113,239
Standard	0.27	33	141				

§ 57.195(b)(4) A breakdown and analysis of outage causes during the year being reported on, including the number and percentage of service outages, the number of customers interrupted, and customer interruption minutes categorized by outage cause such as equipment failure, animal contact, tree related, and so forth. Proposed solutions to identified service problems shall be reported.

Outage Cause	Number of Interruptions	% of Interruptions	Number of Customers Affected	Customer Interruption Minutes
On R/W Trees	2	4	289	29,432
Animals	22	41	485	21,027
Equipment	14	26	54	4,776
Off R/W Trees	5	9	322	55,902
Weather	0	0	0	0
Vehicle	3	6	36	2,278
Other	8	15	76	10,613
Total	54		1,262	124,028

Off right-of-way trees contributed the most interruption minutes during 2010. The Company continued its focus on identifying high risk trees outside the right-of-way and working with property owners to obtain permission for removals where prudent.

§ 57.195(b)(6) A comparison of established transmission and distribution inspection and maintenance goals/objectives versus actual results achieved during the year being reported on. Explanations of any variances shall be included.

Program	Goal	Completed	Comment
Infrared Inspection	Substation and 1/3 of all overhead lines	100%	All planned areas were inspected.
Vegetation Management	Entire System (9 circuits), as needed	100%	9 circuits inspected, trimmed as needed.
Visual Line Inspection	Entire System (9 circuits)	100%	9 circuits inspected.
Padmount Equipment Inspection	198 Locations	100%	198 locations inspected
3Ø Padmount Transformer Oil Test	33 Transformers	106%	35 transformers tested. Quantity revised to reflect actual quantity in service at time of testing.
Line Equipment Inspection	144 locations	97%	140 locations inspected. Quantity revised to reflect actual quantity in service at time of inspection.
Pole Inspection and Treatment	730 Poles	95%	695 poles inspected. Quantity revised to reflect actual quantity in service at time of inspection.
Danger and Reject Pole Replacement	19 Poles + 1 carryover from 2009 = 20 Poles.	95%	One carryover pole from 2009 was replaced. 18 2010 poles were replaced. One 2010 "reject" pole replacement was delayed pending a circuit redesign and possible pole elimination. Pole will be replaced or eliminated during 2011.
Substation Equipment Inspection	12 Monthly Inspections	100%	12 inspections completed.
Recloser Maintenance	11 Reclosers	100%	Completed maintenance on 11 units.

§ 57.195(b)(7) A comparison of budgeted versus actual transmission and distribution operation and maintenance expenses for the year being reported on in total and detailed by the EDC's own functional account code or FERC account code as available. Explanations of any variances 10% or greater shall be included.

Program	Budget \$	Actual \$	Comment
Infrared Inspection		13,960	Not budgeted individually. 100% completed.
Vegetation Management	78,250	82,896	100% of system completed.
Visual Line Inspection		1,070	Not budgeted individually. 100% completed.
Padmount Equipment Inspection		5,861	Not budgeted individually. 100% completed.
3Ø Padmount Transformer Oil Test		2,122	Not budgeted individually. 100% Completed.
Line Equipment Inspection		10,884	Not budgeted individually. 100% completed.
Pole Inspection and Treatment	30,250	27,021	Budget estimation included approximately 5% more poles than were actually in service in the area being tested.
Substation Equipment Inspection		3,529	Not budgeted individually. 100% completed.
Recloser Maintenance		9,132	Not budgeted individually.
Total		\$156,475	

§ 57.195(b)(8) A comparison of budgeted versus actual transmission and distribution capital expenditures for the year being reported on in total and detailed by the EDC's own functional account code or FERC account code as available. Explanations of any variances 10% or greater shall be included.

Project	Budget Amount \$	Actual Expenditures \$	Variance \$	Comment
General Construction	519,390	564,470	45,080	
Transformers	91,670	96,815	5,145	
Meters	48,124	42,802	-5,322	Since the Company had fewer new connection requests than in prior years, the need for new meters was reduced
Rt. 192 Reconductor – Phase 2	168,635	168,634	-1	
Underground Replacement – Spruce Hills	72,900	103,185	30,285	Contractor encountered significant unanticipated rock, causing an increase in excavation costs.
Form 6 Substation Recloser Controls	21,649	16,154	-5,495	The Company was able to purchase new less expensive controls that were not available at the time of budget preparation.
Bucknell Underground Relocation	0	0	0	Project was delayed to 2011 at the request of Bucknell University
SCADA Cabling in Substation	9,075	9,027	-48	
Total	922,368	992,060	69,644	

By action of the Citizens' Electric Company Board of Directors on July 13, 2010, the Capital budget was revised to reflect changes in project priorities following Bucknell University's request to delay the campus underground relocation project. As a result, individual project budget amounts differ from the original amounts submitted on the 2009 Annual Reliability Report. Total Capital project funding was not changed.

§ 57.195(b)(9) Quantified transmission and distribution inspection and maintenance goals/objectives for the current calendar year detailed by system area (that is, transmission, substation and distribution).

Program	Goal
Infrared Inspection	Substation and 3 circuits
Vegetation Management	Entire System (9 circuits), as needed
Visual Line Inspection	Entire System (9 circuits)
Padmount Equipment Inspection	176 Locations
3Ø Padmount Transformer Oil Test	35 Transformers
Line Equipment Inspection	140 Locations
Pole Inspection and Treatment	652 Poles
Danger and Reject Poles	To be determined from pole inspections
Substation Equipment Inspection	12 Monthly Inspections
Recloser Maintenance	To be determined from counter readings.

All goals are in the distribution area. The Company does not own or operate any transmission facilities.

§ 57.195(b)(10) Budgeted transmission and distribution operation and maintenance expenses for the current year in total and detailed by the EDC's own functional account code or FERC account code as available.

(These items are not budgeted by FERC account.)

Program	Budget \$	Comment
Infrared Inspection	N/A	Not budgeted individually
Vegetation Management	\$84,350	
Visual Line Inspection	N/A	Not budgeted individually
Padmount Transformer Inspection	N/A	Not budgeted individually
3Ø Padmount Transformer Oil Test	\$2,500 (estimated)	Not budgeted individually
Line Equipment Inspection	N/A	Not budgeted individually
Pole Inspection and Treatment	\$30,250	
Danger and Reject Poles	N/A	Not budgeted individually
Substation Equipment Inspection	N/A	Not budgeted individually
Recloser Maintenance	N/A	Not budgeted individually
Total	\$114,600	

§ 57.195(b)(11) Budgeted transmission and distribution capital expenditures for the current year in total and detailed by the EDC's own functional account code or FERC account code as available.

(These items are not budgeted by FERC account.)

Project	Budget Amount
General Construction	\$540,490
Transformers	\$110,313
Meters	\$44,037
Rt. 45 Circuit Reconductor	\$142,288
UG Replacement in Valley View	\$113,277
Bucknell UG Relocation	\$207,127
Form 4D Substation Recloser Controls	\$19,664
Total	\$482,356

§ 57.195(b)(12) Significant changes, if any, to the transmission and distribution inspection and maintenance programs previously submitted to the Commission.

No significant changes.

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CITIZENS' ELECTRIC COMPANY
1775 Industrial Boulevard
P.O. Box 551
Lewisburg, PA 17837



7010 1870 0002 8236 4412



Rosemary Chiavetta
PA PUC
PO Box 3265
Harrisburg, PA 17105-3265

